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3 October 1983

## NEAR EAST/SOUTH ASIA REPORT

No. 2830

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## BRIEFS

**MARBLE DISCOVERIES**--The Italian company Technostone Carrara has discovered large deposits of high-quality marble and granite in North Yemen as a result of geological surveys it carried out for the Industrial Bank of Yemen. Company Chairman Dante Venturini was quoted as saying his firm would ask the Italian government to train Yemenis in extraction techniques and to build a pilot plant in North Yemen, a country not richly endowed with natural resources. Deposits of marble and granite were found in the Taiz area, in the country's southern region, in the central Rada'a area, at Hajjah, northwest of Sana'a, and in Bajil to the west of the capital. Some of the marble deposits may be commercially exploitable for up to 500 years, according to initial indications. The Italian company puts the cost of building quarries and processing facilities at each marble deposit site at \$2-2.5 million. Exploiting the deposits is a major objective of the Industrial Bank of Yemen, the bank's General Manager Abdul-Kareem al-Arhabi was quoted as saying. As a first phase, research analysis and more geological surveys will be carried out to establish the extent of the deposits, followed by feasibility studies at each site. The Industrial Bank would then decide how much finance to contribute to the project and seek other domestic and foreign participants, Mr Arhabi indicated. [Text] [Paris AN-NAHAR ARAB REPORT & MEMO in English No 34, 22 Aug 83 p 10]

**IRAN, PDRY TRADE COOPERATION**--Iran and South Yemen have signed a memorandum of understanding for greater economic, trade and cultural cooperation, following talks in Aden last week between Iranian Foreign Minister Ali Akbar Velayati and his South Yemeni counterpart Abdul-Aziz al-Dali. Mr Velayati said his country had agreed to provide South Yemen with crude oil and to make use of Aden's spare refinery capacity. In return, South Yemen would export fish and cigarettes to Iran. The Iranian Foreign Minister gave no further details on the accords. However, according to the report, Iran agreed to bring the amount of crude oil it ships for refining in Aden to 50,000 b/d. The original agreement signed between the two countries on July 20, 1982 envisaged that the Aden refinery would process 50,000 b/d of Iranian crude for re-export back to Iran but the actual quantities that have been involved so far do not exceed 32,000 b/d, according to unofficial estimates. The same report indicated that Iran had also agreed to provide technical assistance to South Yemen in the areas of oil and mineral exploration and to export cereals to Aden. [Text] [Paris AN-NAHAR ARAB REPORT & MEMO in English No 34, 22 Aug 83 p 12]

CSO: 4400/514



## ARMENIAN AFFAIRS

### 'EXPERTS' INTERVIEWED ON ARMENIAN CAUSE

Beirut ARARAT in Armenian 24 Jul 83 p 4, 26 Jul 83 p 4

[Text] On the morning of Wednesday 20 July, the BBC addressed the question of recent Armenian terrorist actions, in particular the attack on a Turkish diplomat in Brussels and the act of sabotage that took place in the Orly Airport, in Paris, for a reassessment of the Armenian Cause.

According to the BBC correspondent, these terroristic actions coincide with Armenian efforts to hold a convention in Lausanne. The purpose of this convention is to demand from the Turkish Government the just rights of the Armenians who were scattered all over the world after World War I. According to the Armenians, the Turks carried out massacres that cost the lives of 1 to 1.5 million martyrs. The Turks, however, reject this number.

In the past 10 years, Armenian terrorist groups have methodically killed well over 30 Turks, for the most part diplomats, in order to force the Turkish Government to acknowledge the Armenian Cause.

Following this prelude, the correspondent interviewed certain experts of the Armenian Cause.

Speaking on the historical background of the Armenian Cause, Christopher Walker, a specialist-historian of the Armenian Question, said:

"During World War I, hundreds of thousands of Armenians were killed as a result of which 1 to 1.5 million Armenians perished in the Turkish Empire. A large part of these were women who were first driven to Northern Syria where they died after atrocious suffering and privation. Many were killed on the spot, in their villages."

In answer to the question of the BBC correspondent as to why the Turks behaved in this manner, Christopher Walker said: "First of all, the Turks looked upon the Armenians as trouble-makers. Then, in 1910, the Turks espoused a political doctrine called Pan-Turkism which aimed at extending the eastern boundaries of the Turkish Empire as far as Baku, in Azerbaijan. The Armenians presented an obstacle to the success of this plan. The best and easiest way was to get rid of the Armenians. Therefore, they decided to do away with the Armenian people."



The BBC correspondent points out that today the Turkish authorities admit the deportation of the Armenians as a result of the war but they disagree on the number of Armenians killed.

David Thoms of the INTERNATIONAL TIMES notes that "no one is sure whether a genocide took place or not. The Turks contend officially that the total number of Armenians in the Ottoman Empire at the time varied between 1 and 1.5 million. They admit that 300,000 Armenians perished in wartime as a result of disease and other causes. Against this number, they state that 2 million Turks died as a result of war operations."

The BBC correspondent then asked Liza Gratzl for her opinion. She is currently in Lausanne to cover the proceedings of the Armenian Convention and to report on the anniversary of the Lausanne Treaty that put an end to the hopes of the Armenian nation to return to its fatherland. The correspondent from Lausanne says:

"This Convention marks the 60th anniversary of the Treaty of Lausanne. It was signed on 24 July 1923 by the Great Powers of the day: Britain, France, Italy, Greece and Turkey. By this Treaty, the Great Powers gave their recognition to the boundaries of Turkey which are the same as those of today. This recognition meant for the Armenians the end of their hope of having an independent Armenia of their own which, three years before, had been recognized by the Great Powers in the Treaty of Sevres."

The BBC correspondent points out that the Armenian survivors of the war had been scattered all over the world, some going to Lebanon, many to the United States and Western Europe, and that till 1965, nothing had been heard about them.

Christopher Walker believes that the Armenians had been simply drained of energy. He then says that after the 1915 massacres, the liquidation of the Republic of Armenia in 1920 and the signing of the Treaty of Lausanne in 1923, the West Armenians, dispersed in the world, went through phases of despair and rage. Until the 1960s they did not resort to political action to assert the inalienable nature of their rights but rather strove to safeguard the Armenian language, culture and church. At the end of World War II, one or two political initiatives were undertaken when there was a hope that Kars and Ardahan might be restituted to the Armenians. But nothing came out of that. In 1965, on the occasion of the 50th anniversary of the massacres, big demonstrations were organized both in the Middle East and in the United States, generating great interest towards the Armenian Cause.

The BBC correspondent adds: "But the 1970s mark the start of terrorist activity of a most modern brand."

David Thoms: "These acts of terrorism originated mainly in Lebanon and were inspired from the Palestinian Revolution."

BBC correspondent: "What is the present attitude of the Turkish Government towards the terrorist groups, and have these acts produced any results?"

David Thoms: "Very great changes have taken place in Turkey. During a meeting on ways of ending the acts of terrorism in 1966, I asked foreign correspondents what was happening with the Armenians. They all fell silent and would not even agree to airing the issue. If you go to the Turkish Ministry of Foreign Affairs you will notice that they were skilfully cover up the true reality and spare no efforts to mislead the world by hiding the historical events and by affirming that a genocide was neither planned nor carried out."

BBC correspondent: "What is the aim of the terrorists, what do they desire to see realized?"

Christopher Walker: "It is to oblige international instances to examine the Armenian Cause and also to force Turkey to admit the reality of the genocide and also to oppose, to a certain extent, the member states of NATO, among them Turkey. The ASALA, for instance, which is a radical left organization with Marxist principles, is antagonistic towards American interests in Turkey and towards NATO's allies."

BBC correspondent: "The killings carried out last week by terrorists had a reverse reaction on other groups working within the Armenian reality and also on those attending the Lausanne Convention."

Liza Gratzl points out that the initial idea of the Convention had come from conservative circles but the fact remains that the participants more or less agree on the use of violence, particularly selective violence. "I doubt," she said, "if the recent events had any effect on the Convention, while those who were not going to take part in the Convention have changed their minds and have decided to participate."

BBC correspondent: "What are the plans of the Convention?"

Liza Gratzl: "To found a political nucleus and if possible, to set up a unified political front in order to make the Armenian Cause known to international audience; to create a permanent organization which will be recognized by governments and the United Nations. From this vantage-point, they will try to start a dialogue with Turkey."

BBC correspondent: "What are the chances of success of the Convention?"

Liza Gratzl: "There might probably be an outburst announcing the creation of a permanent Armenian organization with its permanent secretariat. This in itself would be quite an achievement, according to the political leaders in Lausanne. Of course, certain circles wonder how important the terrorist movement is in itself. It is thought that the examination of this question would be quite difficult and I personally think that it will be impossible to arrive at any clear decision on this matter."

BBC correspondent: "Do you share this view, David Thoms?"

David Thoms: "Obviously, if the Armenians clamor in unison and come out with a unified and common organization demanding a dialogue with Turkey, they could

place the Turks in a difficult situation. Here we encounter the question of terrorism, which is something very hard to predict."

BBC correspondent: "But the difficulty the Turks are facing is the question as to what attitude should they adopt when the Armenians are asked to define their demands? Do the Armenians really desire to regain their lands or receive any kind of compensation? The Turkish Government might very well encounter such problems."

Christopher Walker is of the opinion that the Armenian Cause will of necessity continue. "If the Armenians do not pursue their Cause, they will lose their national identity," he adds.

David Thoms: "The Armenians will go on fighting because many of them believe that if they do not struggle for total independence they might lose their identity within fifty or a hundred years--becoming Lebanese in Lebanon, American in the United States or even Russian in Soviet Armenia! Therefore, for many a young Armenian, the only way to survive is to create a new state combining Eastern and Western Armenia."

BBC correspondent: "This means therefore that the future holds more terrorism."

Christopher Walker: "I think we might witness new acts of terrorism, but if more objective approaches [to the Armenian Cause] are adopted, the terrorists will have less reasons and justification to resort to such acts. If the Armenian Cause is recognized more widely, if it is examined with a broader outlook, I believe that terrorism will be halted to a certain extent without, however, disappearing completely.

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CSO: 4605/120

SYRIA, IRAN, LIBYA REPORTEDLY INVOLVED IN ASALA ORLY OPERATION

London AL-DUSTUR in Arabic No 296, 25 Jul 83 p 24

[Article by al-Salami al-Husni]

[Text] Paris--The sudden explosion in the Orly Airport waiting room in Paris was not an operation with clear-cut objectives. Although a statement was not issued by the Armenian Liberation Front, the French police blame the operation on more than one group, including the Corsican Front. Armenian political organizations hastened to condemn the operation, which they regarded as futile and of no use to the Armenian cause and without clear-cut objectives. At first the French police thought the bombing was directed at the Turkish airlines, but analysis and tests showed that the bomb carrier, still not apprehended, intended to kill the largest number of persons possible among those present in the waiting room, and that the bomb did not explode purely by accident, as the police first thought. It exploded after it was triggered by a special detonating device. The perpetrator fled and has not yet been caught by the police. This operation followed the murder of a Turkish diplomat in Belgium.

The Orly incident assumed new dimensions after the French police arrested 53 persons suspected of being involved in the operation and terrorist networks in France. Among those still under investigation are 15 women, Syrians, Iranians, and Libyans in addition to a group of Armenians of Turkish origin and some others with French and Brazilian citizenship. The French police believe the operation had other political objectives not related solely to the Armenian case but involving France itself. This belief is based on documents and weapons found in the possession of those arrested for purposes of interrogation. The police hint there are many groups behind the Orly operation with an interest in reviving terrorism and instability in France.

Semi-reliable information indicates that last week's explosion in Orly Airport is not unique, that it will be followed by similar operations conducted by different parties--Armenian, the Corsican Front, or other terrorist organizations. The French police are convinced that the objectives of the operation had to do with French foreign policy and that Libya, Syria, and Iran have such objectives. The three governments



have sharp differences with France and all of them use methods not unlike the bomb tactic to settle their political accounts. The arrest of a group of Syrians, Iranians, and Libyans also suggest that the French police have evidence of foreign involvement. The arrested Iranians and Syrians may be of Armenian origin, but it cannot be doubted that the Libyans--no one knows how many--are not of Armenian origin. However, they have connections to circles that the police do not doubt were behind the bombing and are preparing for other comparable operations after one of the arrested persons was found to possess arms, detonators, and Kalashnikov machine guns. At a time when the threads of the operation and the manner of its organization are still unknown, the political objectives have begun to emerge and become clear either through the French statements or what has leaked out here and there from the known facts. It now appears from the many known facts that the French disputes with Libya because of the civil war in Chad and with Iran because of the presence of the Iranian resistance in Paris and the special Franco-Iraqi relations are behind the movement which began with the Orly operation and aims at creating an atmosphere of internal terror in France in an attempt at pressuring it to abandon its African policy, its special relations with Iraq, and embrace of the Iranian resistance.

Then too there are the negative consequences of the visit of French Foreign Minister Claude Cheysson to Damascus and the sharp differences of opinion now existing secretly between the Soviet Union and France over the nuclear balance issue in Europe. If the secret threads of the bombing operation in Orly airport confirm the connection of all these parties to the plan of sowing mines on French land and stimulating terrorism, it is not unlikely that the same parties are also involved in the return of terrorism and armed activities to Corsica. The French accuse Libya of providing the front with arms and funds.

Many Frenchmen ascribe the dangers threatening France to the strong statements issued either in Tripoli against French intervention in Chad or in Tehran against France's embrace of the Iranian resistance and sale of arms to Iraq. It is no wonder that the French police finally discovered that the bombing in Orly Airport was a reaction to the hijacking of the Iranian aircraft a week before. At any rate, it does not appear that French foreign policy will be negatively influenced by Libyan-Syrian-Iranian pressure because France, judging by official statements, will continue along the same path in Africa and the Middle East. But the pressures will continue and Paris will be threatened with bombings and terrorist acts now in the name of the Armenians, now in the name of Corsican independence or some other movement. The French police will pursue suspects and jail some while others will be protected by what the parties exerting pressure provide in the way of facilities beyond the reach of the police.

#### A Telephone Call

The French news agency in Tehran received a telephone call from a person who described himself as an official spokesman of the Front for the

Liberation of Armenia. The caller threatened the French government with attacks on all French interests throughout the world if it continues its opposition to ASALA.

The statement said: "All French interests, aircraft, airlines, institutions, and French government companies in France and abroad will be the target of attacks by the army of ASALA if the French regime continues its terroristic tactics against the Armenian people." After this call and issuance of the ASALA statement in Tehran, French investigators, police, and officials in Paris were convinced of what had been pure conjecture regarding the connection of the Iranian regime to the new wave of terrorism aimed at France by ASALA.

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CSO: 4604/37



ROLE OF SUBSIDY PROGRAM IN EQUALIZING ECONOMIC BURDENS, GAINS REVIEWED

Cairo AL-AHRAM AL-IQTISADI in Arabic 18, 25 Jul 83

[Article: "The Truth about Subsidies from the Viewpoint of the Persons Benefitting from Them"]

[No 757, 18 Jul 83 pp 10-12]

[Text] For many years of our lives, and the life of the Egyptian economy, the issue of subsidies has continued to be an object of discussion among people at the top. We have never happened to hear the views of the people who are entitled to subsidies or receive them on this subject.

Therefore, we are publishing a series of studies, starting with this issue, on the actual nature of subsidies from the standpoint of the persons benefitting from them. This will essentially be based on a public opinion poll on the issue of getting subsidies to the people entitled to them. It has been prepared by the National Center for Social and Criminal Research under the supervision of Dr Ahmad Khalifah, and Dr Nahid Ramzi, and the researchers Zaynab Shahin, Amani Qandil, Shakir 'Abd-al-Hamid Sulayman, Samihah Nasr, Muna 'Ali Yusuf and 'Umar ibn al-Khattab Khalil have participated in it. Dr Ibrahim al-'Isawi provided the technical consultation and 'Adil 'Abd-al-Raziq Sultan the statistical treatment.

The notion of subsidies is one on which there is near unanimity. Subsidies are the provision by the government of basic commodities to the citizens at a reasonable price, so that the citizens may be provided with their essential requirements. The goal in subsidies, therefore, is to provide basic commodities at low prices which are in keeping with the limited incomes of some groups of the society. Here one must point out that subheadings on subsidies are to be found in many of the world's budgets, even in capitalist societies, where the private sector plays the main role in production and wages are determined on the basis of the law of supply and demand; we find that the government also bears the responsibility of guaranteeing a minimum standard of living for the members of the society, and an example of that is the health and social insurance they provide. It is also apparent in the aid to some producers to remain in the market when they, if abandoned to the

spontaneous forces of the market, would not be able to continue. In addition, it is expected that the subheading allocated to subsidies in the budgets of socialist countries will be greater than that in the budgets of the capitalist countries.

Economists distinguish among a number of kinds of subsidies, but they tend basically to differentiate between two types:

1. Direct subsidies (declared or apparent).
2. Indirect subsidies (implicit or concealed).

The former is the one the government budget expresses in specific cash form which is connected to a group of necessary commodities which the overwhelming majority of the people consumes. The latter is embodied in the setting of prices of many public sector company products at a level that is below the economic cost of these products. This type of subsidy might appear in the form of the losses the public sector companies realize or their profits might be below the level which is expressive of the competence of these companies. This type is characterized by its serious nature and it must be determined by accuracy in learning about the true magnitude of the problem.

Here at the outset one must warn that talk about the issue of subsidies is essentially oriented toward the declared allocations of subsidies which appear in the general budget of the government under a subheading titled "Allocations to reduce the costs of living," or other allocations which are made to raise the difference between the price of the product or production accessories given to the companies and the price of exporting or staying in business. The total of all this is called declared subsidies, which have risen from 9 million pounds in 1961 to 2 billion in 1981. This has been in effect a danger signal which has stirred up much discussion and controversy on the issue of subsidies.

However, discussion of the various dimensions of this issue must go beyond the figures which express the magnitude of the problem and it must be dealt with in the context of the political, economic and social climate in whose framework the issue has become inflated. It must also be dealt with not only from the viewpoint of the government, or the viewpoint of public spending, but also from the individual standpoint, or the standpoint of consumption.

For this reason, this analysis of the issue of subsidies will deal with the following points:

First, the general climate within which the issue of subsidies has been raised.

Second, the dimensions of the problem.

Third, the approaches of the discussion and controversy over the issue.

## The General Context in Which the Issue of Subsidies Has Been Raised

It is most important, before entering into the details and dimensions of this issue, which now constitutes a crisis facing the makers of Egyptian economic policy, that we reveal the political, economic and social climate, and also the intellectual climate, in which the dimensions of the issue of subsidies have evolved.

The seventies witnessed new political and economic developments in Egypt which were subsequently called the liberalization policy. This policy consisted of two segments. It included a reorganization of Egypt's international economic relations, and it also included a reorganization of the Egyptian economy's manner of functioning domestically. In spite of the historic roots of this policy, which we can find in a few limited laws which were issued in the fifties and sixties, the decisive step on the road to liberalization occurred in 1971. That year, Law 65 for 1971 was issued on the investment of Arab money and foreign zones. This law contained guarantees against expropriation, nationalization and appropriation for public benefit except when given fair compensation. The law stipulates that the projects established in accordance with it will be considered private projects, regardless of the legal nature of the participants. The Authority for the Investment of Arab Money and the Free Zones was established in accordance with this law to select projects and give agreement to them.

The October Paper was issued in 1974, stating the intellectual outlines of this policy. The executive features of this new policy then started gradually to become clear, and Law 43 for 1974, which economists consider to be truly the most important step to have been taken in the direction of liberalization, was issued.

What concerns us, beyond that step, is that the door to the Egyptian economy was opened wide to foreign capital, and almost all areas of economic activity were opened to private foreign investment. That was an indication that the magnitude of the public sector would decline in the relative sense.

This law was followed by a number of laws, which constituted further executive steps that displayed the features of a serious approach. Among the most important of these was Law 115 for 1975, on imports and exports, which opened the door to imports to the private sector as fully as it was open to the public sector. This law created a basic change in the organization of Egypt's foreign trade, since it allowed the private sector to become involved in imports and considerations of profit, and the rapid circulation of capital entered in, with the result that the value and importance of consumer goods in imports increased, fuelling a general trend toward increased consumption.

In addition, Law 97 for 1976 on Foreign Currency was issued, freeing up foreign currency transactions, whereas Egypt had been following a system of oversight over exchanges, that is, oversight over the processes of transferring foreign currency. The liberalization policy also created the system of imports without the transfer of hard currency, enabling anyone who had foreign currency resources to use them for importing directly, without

having to turn to the banking system. This raised the volume of imports between 1976 and 1979 by 71 percent a year.

Related to these laws and the new statutes were the discontinuation of the trade and payment agreements and the reorganization of the public sector, starting in 1975, with the issuance of Law 111 eliminating the general organizations.

In summary, this economic policy created basic changes in the Egyptian economy, in the domestic context, by reorganizing the manner in which the Egyptian economy functioned, and in the foreign context, by reorganizing Egypt's international economic relations.

One can state, without the least exaggeration, that the policy of economic liberalization became prominent on the political and economic stage and consequently the stage of Egyptian thinking at the start of the seventies. Then the severity of the discussion and debate on it increased in recent years, and is still in evidence on the stage. This discussion involved the contents, goals and means of this policy.

In this atmosphere, the issue of subsidies was raised, or, to put it more accurately, interest in it escalated and it was discussed as part of other issues. Some of it was related to the composition of the domestic economy, for instance the policy of developing the public sector, tax policy, price policy, and so forth, while some of it was related to foreign trade and Egypt's international economic relations. The issue of foreign debts, the policy of foreign investment and foreign banks, the policy of imports without the transfer of foreign currency, and so forth, were raised.

Among these issues, the issue of subsidies proceeded to occupy a position of special importance because it was linked to the provision of basic goods and services to people with limited incomes, that is, this policy was linked to the daily life of the Egyptian citizen, and the attempt to reduce his burdens. That paved the way for the discussion of the connection between the issue of subsidies and the distribution of national income.

In another area, the special character of the discussion of the issue of subsidies arises from the connection between them and the balance of payments, which has paved the way for pressures from external forces and foreign financing institutions which demand that the subsection on subsidies in the Egyptian budget be eliminated as a condition for financing domestic investments. In actuality, the real effects were caused by the International Monetary Fund when consultation began between the members of the fund and the Egyptian government in April 1975 regarding Egypt's request for loans from the fund. In January 1977, when the government, in response to this pressure, tried to increase the prices of a number of everyday commodities, disturbances broke out in the major cities, prompting the government to abandon carrying it out.

What concerns us here is that these events caused the issue of subsidies to explode, and the interest of the Egyptian citizen in this issue manifested itself in a manner which left no room for doubt, even if he did not realized



what it was called. It also became apparent that this citizen was to be a partner in the framing of any decisions related to policy on subsidies.

This general climate, in whose framework the issue of subsidies came to the fore, was made up of a group of important concepts which spelled out the features of economic life in Egypt, all of which contributed to defining the status of subsidies on the map of the Egyptian economy.

#### 1. The problem of inflation:

It is erroneous to believe that the new economic policy was responsible for the inflation that is now occurring in Egypt, because the nature of the inflationary forces in developing countries in general, including Egypt, reflects an important group of structural disturbances which are also connected in every respect to economic backwardness and the processes of development. However, some factors that were associated with economic policy in the seventies have had an extremely strong influence in exacerbating the effect of structural disruptions in pushing up the movement of local prices. Among the most important of these factors was the fact that with the increase in the degree of Egypt's opening to the outer world, the Egyptian economy was constantly exposed to the influence of the inflation prevailing in the Western countries. The propensity to import (that is, the ratio of imports to gross national product) rose, and the rise in the ratio of our imports from the Western countries, from 55 percent in 1973 to about 80 percent in 1980, was connected to that.

Along with this increase in imports, and the freeze in the sluggish growth of exports, the balance of payments deficit increased, and economic policy became oriented to creating successive devaluations in the exchange rate of the Egyptian pound, since the official value of the dollar rose from 40 to 70 piasters in the foreign currency pool in the Central Bank and to 84 piasters in the foreign currency pool in the commercial banks. The black market rate increased to more than that per dollar.

In addition, the retrenchment of the government's role in governing economic activity left the field to the forces of the market, that is, the forces of supply and demand. That had its effect in the fact that the private sector seized the opportunity constantly to raise prices. The liberalization period also witnessed an obvious increase in public current and investment spending, which was not accompanied by a corresponding increase in the general revenues of the government. The government resorted in the seventies to paying the bulk of this deficit off through bank financing and to printing currency, and that had the effect of increasing the supply of money in circulation at rates that were much in excess of the rate of increase of the volume of gross domestic product. Whereas the average rate of increase of the growth of the money supply was about 30 percent a year in the seventies, the average annual rate of growth of gross domestic product did not exceed 8 percent (in fixed prices). With the absence of a strong incentive to save, and a drop in the rates of savings from 13.3 percent in the period from 1959-60 to 1964-65 to 4.5 percent of gross domestic product in the period between 1970 and 1975, with an increase in the power to consume in the society and the lack of increase in production, this all led to increasing waves of price increases.

## 2. The maldistribution of national income.

The World Bank report points out that, in 1975, 27 percent of urban families and 35 percent of rural families were living below the absolute poverty level. That year, the report set the level of absolute income in urban areas at about 300 pounds per family, and in the rural areas at 240 pounds. Estimates on income distribution in Egypt in 1974-75 indicate that the 10 percent of the population who lie at the bottom of the income ladder receive 2.1 percent of national income, while the 10 percent of the population who lie on the top rungs of the ladder receive 33 percent of national income. The criterion economists use to investigate the extent of justice in income distribution within the population is to compare the percentages of the population distribution or families and their relative shares of total income; in applying this criterion, we find that 20 percent of the families at the bottom of the income ladder receive just 5.9 percent of total income, while the 20 percent of the families at the top of the ladder receive 38 percent of the income.

That is, 80 percent [sic] of Egyptian families receive about just half of total income (52 percent of the total income of the population). Economic policy has attempted to cope with this disruption through financial and monetary solutions, and the policy of subsidization has become prominent among these instruments, as will become clear later when we discuss its relationship to national income distribution.

## 3. The deficit in the balance of payments.

A large share of the responsibility for this deficit may be attributed to the deficit in the balance of current activities, since the volume of imports of consumer goods is increasing and exports are incapable of matching this increase. In addition, economic policy in the seventies placed growing emphasis upon the acquisition of external loans of different types. The magnitude of the debts in this period increased 11 times over, at an average annual growth rate of about 31 percent, and the ratio of total foreign debts to domestic product rose from 23.7 percent in 1970 to 102 percent in 1981, which means that our debts with the external world have become greater than the value of gross domestic product. It also means a rise in the burden of servicing these debts, which now eat up about a third of our export receipts.

The increase which has occurred in the growth of external debts and debt burdens was accompanied by a severe and ongoing disruption in Egyptian balance of payments. The current account deficit (before the payment of interest on debts) rose from \$116 million in 1970 to \$1,355,000,000 in 1981. That is, it increased about sevenfold. Hopes had been fixed that the policy of economic liberalization would attract foreign investment and be an alternative to external borrowing, but the response received was limited and covered specific areas which were not of necessity of major importance in the development of Egypt.



## Summary

The discussion of the issue of subsidies, and the increasing controversy over this issue, has taken place in this political, economic and social context. On the one hand, the file on the liberalization policy has been opened for discussion and criticism, while, on the other, the severity of the economic problems Egypt is suffering from, which are focussed on increased inflation, the maldistribution of national income, and finally the deficit in the balance of payments, which are all variables which have surrounded subsidization policy, has escalated.

[No 758, 25 Jul 83 pp 19-21]

[Text] In the preceding issue, we presented the first part of the poll which the National Center for Social and Criminal Research carried out on the issue of subsidies, which is a subject of special interest among the public.

In this issue, we will present the second section, which will talk about the approaches the discussions regarding subsidies and the alternatives to them have taken, and will also deal with the dimensions of the problem of subsidies.

Discussions regarding the issue of subsidies have escalated and increased recently. A dispute has occurred among the views and opinions raised on the evaluation of current subsidization policy and the search for an alternative to it. However, by reviewing most of these discussions, which have taken place in the People's and Consultative Assemblies, and the views of the various parties, by reviewing all the discussions, symposia, and economic writings which scientific bodies have organized in recent months, and in which discussion and debate have increased, one can say that these discussions have oriented themselves toward:

1. Evaluating subsidization policy, its negative and positive features.
2. Discussing the alternatives and solutions that have been presented.

Before evaluating the various approaches regarding these two issues, one must point out that there are basic points from which the discussions of the issue of subsidies have set forth. From these discussions, it appears that most approaches are in agreement on these points.

1. One can view subsidization policy only from a comprehensive economic angle which embraces economic strategy and includes all sectors of production and services and dealings with the external world.
2. It is necessary to continue the policy of subsidizing basic goods and services, which account for the main requirements of the broad base of people with limited incomes.
3. Impulsiveness cannot be a successful remedy to the problems of subsidies and certain aspects of their negative effects. One must proceed to deal with

them gradually through economic, social and political calculations which will evaluate the circumstances of the nation and the citizen and take into consideration the extent of the relationship between subsidy policy and other policies, such as financial, pricing and tax policy and so forth.

Approaches in the discussion regarding the evaluation of subsidy policy and its negative and positive features:

In the discussion which has taken place regarding the positive features and goals of subsidy policy, it appeared that subsidies have an important role on which light must be shed.

On the one hand, they have a social goal which is connected to incomes and the reduction of the burden on people with limited incomes, enabling them to obtain the necessities of life. On the other hand, subsidization policy plays an economic role, through its contribution to price stabilization and the reduction of the burden of pressures. Moreover, subsidization policy is aimed at helping newly created organizations cope with the burdens of fixed costs at the beginning of the volume [sic] of the project and at helping certain installations which face difficulties and disturbances for a specific period; this aid prevents losses which such installations as these cannot tolerate, and which therefore leave their effects on the national economy.

The dispute has arisen over the following question: Has the goal of subsidization been realized or not?

In reality one can state that these discussions, overall, have produced a definition of a group of negative effects of subsidization policy:

1. The broadening of the base of subsidies and the fact that they reach people who are not entitled to them. Reviewing the distribution of the ratios of subsidies on various commodities and the extent of the benefits which people with limited incomes obtain, it is clear that this policy has enabled affluent people to obtain a large share of this aid, which encumbers the government budget, while subsidized commodities on many occasions do not get to the people who are most in need of them, the people who are really entitled to subsidies. A recent study which the team of researchers in the University of Cairo Research Center carried out stated that the wealthy class in reality obtains double the amount of subsidies which the poor class that is entitled to subsidies does.

2. Subsidies constitute pressures and burdens on the government budget and cause a balance of payments deficit. It is well known that most of the basic commodities which the government provides for the citizen are imported, and, with the drop in the value of the Egyptian pound, the government defrays the difference in price (an implicit subsidy) to supply the goods to the consumer at a price which is in his grasp, adding new burdens to the balance of payments, for imports which exceed \$7 billion a year.

3. Some negative social phenomena which have started to spread throughout the society in a manner which did not exist before have resulted from

subsidization policy. The most important of these phenomena has been the spread and congestion of lines of citizens before consumer cooperatives in a manner which casts a bad light on the society. The class of "brokers" who make a living by obtaining subsidized commodities and selling them to people who have no rights to them, then obtain a profit without any effort, has made its appearance, and the sales of goods at two prices has resulted in enticing some weakspirited persons to realize unlawful gains at the expense of the people. Moreover, the establishment of societies for different groups has been a cause of work stoppages and the fact that the people working in these bodies have devoted themselves to providing their commodity requirements.

4. The retention of the policy of subsidies in the form it is in now will require greater subsidies each year. The magnitude these subsidies will reach in the future is not exactly known.

An increase in the burdens of subsidies has arisen from the population increase, and the magnitude of the subsidies required, going by the rates of increase in subsidies in past years, may reach a level that government revenues cannot cope with in the future. That will cause numerous problems.

5. Current subsidization policy has adversely affected the level of production of the public sector quantitatively and qualitatively, at the level of the evaluation of production competence and the calculation of profits and losses, because the policy of subsidizing the public sector has created a serious disruption between the economic and social costs of goods and services, and this has had a negative effect on the public sector.

Trends in the discussion regarding alternatives for dealing with the negative effects of subsidies:

By reviewing most of the solutions which economists have propounded for dealing with the negative effects that have arisen from the policy of subsidies, one can state that everyone agrees that these effects must be dealt with over the long range through the realization of an increase in production and the adoption of a sound, integrated economic policy.

However, in the short range it is necessary to guide existing subsidy policy and set out a group of solutions, with the proviso that they be gradual and lie within a comprehensive framework.

The discussions have set forth two basic alternatives. The first one has not met with support on a broad scale from economists, while the second has received a large degree of support.

1. The first alternative is oriented toward the need to turn subsidies in kind into cash subsidies, provided that that be done gradually and provided that the classes that are entitled to subsidies be carefully defined and some groups which are not entitled to subsidies be removed.

The proponents of this solution also believe that cash subsidies will realize positive benefits for the national economy, and that they will not

be a frank invitation to increase consumption but rather will eliminate the deficit in the balance of payments and cope with the negative social phenomena which have recently become widespread in Egyptian society.

This approach also responds to some economists' anxiety that this solution will lead to an increase in prices by saying that these anxieties are unfounded, because the shift from subsidies in kind to cash subsidies will take place gradually, over a minimum of 5 years, in the context of a comprehensive plan which will gradually convert these subsidies, which appear in the budget, to a subsidy on incomes.

The proponents of this approach believe that not every class of the Egyptian people is entitled to subsidies: there are people who are entitled, and people who are not, but the people who are constitute most of the Egyptian public.

2. The second alternative for dealing with the negative features of subsidization policy is oriented toward the retention of subsidies on basic goods and services, while guiding them in the context of an obvious gradual stage by stage policy. An approach might exist within this context regarding a group of strategies for bringing about the goal of guidance, among them:

The study of all commodities in isolation, then their relationship to the other commodities that the other sectors produce, so that it will be possible to determine the commodities whose subsidization should be retained and those from which one can remove the subsidization. This policy is known as the policy of price discrimination among subsidized goods and services.

The removal of subsidies from all commodities used by investment companies.

The restriction of subsidies to final consumer goods, to the exclusion of intermediary ones.

A rise in the prices of least essential luxury goods.

An effort to guide consumption and change consumption patterns.

However, subsidies on any goods or services must not exceed one third or one half the cost, so that one may cope with and limit acts of aberrance.

Increases in distribution outlets for subsidized commodities.

Retention of supply cards, provided that only people with limited incomes benefit from them.

While the proponents of this solution are in agreement that subsidy policy should be continued, though it should be guided in the context of a tentative plan and a sound economic policy in which coordination takes place between subsidy policy and other financial, tax and other policies:

While they have reached agreement over that, they differ over the determination of who is entitled to subsidies. Are all the Egyptian people entitled



to subsidies, as long as they pay taxes, or is it just the people with limited incomes who are entitled to them? What is the definition of people with limited incomes?

Some people have contended that anyone who is not subject to taxes is entitled to subsidies, while others have contended that anyone whose income does not reach a certain level should be entitled to them, and people's opinions differ over the definition of the income level which is entitled to subsidies and the definition of the groups that are entitled to them.

Thus basic questions come to the fore on which agreement must be reached so that it will be possible to adopt an upright subsidization policy. Among the most important of these are:

1. What groups are entitled to subsidies?
2. What are the optimum means for getting subsidies to the people who are entitled to them?
3. What are the basic commodities which must continue to be subsidized and the commodities which must be removed from the context of subsidization or whose prices must be raised in the context of subsidies?

Thus the importance of conducting scientific studies aimed at attempting to predict the volume of subsidies required in coming years, taking into account the population increase and world prices, is apparent. In addition, these studies must be oriented toward the Egyptian consumer and the family budget and its trends must be studied, so that it will be possible to determine the basic commodities with respect to the consumer, and his real needs.

#### Dimensions of the Evolution of the Subsidy Problem

Although the problem arose basically under the impetus of the evolution of the volume of government spending directed toward the subsection on subsidies in the Egyptian budget, known as "Allocations to reduce the costs of living," which rose in 1981 to 2 billion Egyptian pounds, we must nevertheless not ignore the other side of the coin, in the sense of dealing with escalating government spending and with escalating consumer spending by the Egyptian citizen at the same time, so that it will be possible to show the relationship between subsidies and the reduction of the living expenses of this citizen, and the connection between subsidies and the issue of justice in the distribution of national income.

With respect to the evolution of government spending, or public consumption, it is to be noted that the cause of the increase in these expenditures essentially is to be found in the sixties, with the increased defense and national security expenses to finance the 1967 war, then the reorganization of the armed forces in the wake of it, the preparation for the 1973 war, and the reconstruction that followed it. However, one can truly call the years 1973-77 the years of crisis. In the course of 1973, the major portion of various imports was financed by bank facilities, which came to about \$1.21

billion that year. After the flames of war died out, an important group of problems manifested themselves which had an obvious effect on the reformulation of the Egyptian politico-economic structure. Foremost among these problems was the increase in Egypt's need to import foodstuffs, specifically wheat, and the fact that it was compelled to import these commodities through the payment of hard currency or through bank facilities.

Therefore, it appeared that the evolution of government spending was connected to the increase in allocations to reduce the costs of living and provide basic commodities for citizens. These are to be found in numerous subsections, including that on imports, which exerts pressure on the balance of payments. If we go back to the evolution of the absolute figures on the volume of subsidies in the budget, these will show this increasing pressure on the government budget.

In 1961-62, subsidies totalled 9 million pounds. This figure kept multiplying until in 1978 it came to 670 million pounds, then 1,177,000,000 pounds in 1979. Finally, in 1980, subsidies came to 2 billion pounds.

It should be noted that the increase which occurred in the volume of subsidies from 1978 to 1979 may be attributed in part to the revaluation of the Egyptian pound relative to the dollar, from 40 to 70 piasters.

In 1961-62, when the volume of subsidies was 9 million pounds, they included a limited number of commodities within the group of supply commodities. In particular, they involved three commodities: wheat, coupon sugar and kerosene. In the seventies, when the volume of subsidies multiplied, they started to be oriented toward a group of goods and services, which totalled 14 in number, embodied in wheat, flour, corn, oil, fats, sugar, tea, bottled butane, differences in interest on housing loans, differences in interest on loans to peasants, fertilizer, the government's share in combatting cotton pests, ordinary cloth, aid to the Egyptian Shipping Company, subsidies for some industrial and pharmaceutical companies, milk for children, the Transportation Authority in Cairo and Alexandria, newsprint, paper for schoolbooks, and aid to news agencies.

Foodstuffs pre-empted the bulk of the subsidies. The 1980 budget allocated the sum of 944 million pounds to subsidizing supply commodities or foodstuffs.

Perhaps the serious tendency toward increased imports of grains and foodstuffs can illustrate the pressure of subsidization policy on the balance of payments for us. In the years 1973-74 Egypt spent 169 million and 253 million pounds in hard currency respectively importing wheat, flour and vegetable oil, that is, a little more than the country's receipts of this hard currency. In addition, total consumer imports, most of which were of food also, came to 542 and 920 million pounds, respectively, in the same 2 years.

Here one can indicate the seriousness of this tendency by the fact that in 1975 wheat imports increased to about 3 million tons, and the increase in the government's imports continued without letup, from 24,000 tons in 1974 to 60,000 tons in 1977.



Looking at the proportion of the subsections on subsidized imports to the total volume of subsidies, we find that the proportion of imported wheat rose from 91.8 [percent] of the total wheat subsidized in 1973 to 97.6 percent in 1979. The proportion of imported lentils to the total volume subsidized rose from 50 percent in 1973 to 93.8 percent in 1979.

While this aspect represents the development of the magnitude of the problem of subsidies in government spending, and the pre-emption by basic foodstuffs of the main share of the volume of subsidies, the question which now arises is, what about the development of private consumption?

What is the relationship between subsidies and the reduction of living expenses as far as citizens go? The answers to these questions are important, because they shed light on the importance of subsidization policy for the citizens.

The statistics show an increase in annuual consumption of grain and oil at rates which averaged 7.4 percent from 1952 to 1963, then showed a tendency to increase constantly. In 1975, for instance, the planned increase in consumption was 5.6 percent over the previous year, but it was more than double the rate of the population increase. The main factor in the increase in consumption, without argument, was, in addition to the increase in income, labor, the great population growth and the failure of attempts to keep consumption within planned limits. In addition, the increase in individual incomes contributed to the escalating consumption, especially after the expansion in the setting of prices through subsidies, which increased the deficit in the general budget.

Any review of research into family budgets will reveal that spending on food in the Egyptian family still absorbs a large proportion of total consumer spending. The ratio of spending on food and drink to total consumer spending in 1974-75 was 50.9 percent in the urban areas and 62.5 percent in the rural areas. This is a very high percentage, even though it has tended to decline, and this development is compatible with the trend in subsidization policy to concentrate on food, which accounts for 75 percent of total cost of living subsidies. In an attempt to calculate the percentage the citizen spends on basic subsidized foodstuffs relative to his total consumer spending, in the various spending groups, the degree of importance of these commodities to the budget of limited income classes stands out. Going by research into family budgets for 1974-75, it is apparent that the money the individual spends on 11 subsidized food categories ranges from a maximum of 48.40 to a minimum of 5.85 percent of total general consumer spending, in the case of the various levels of spending. These commodities are:

Wheat, bread, fine flour, corn, rice, fava beans, lentils, vegetable oil, sugar, imported frozen meat, fresh and frozen fish, and tea. Of the total urban population in Egypt, 51.7 percent spent from 22 to 48 percent of their total annual consumer expenditures on these subsidized goods, 42.8 percent of the inhabitants of urban areas in Egypt spent from 10 to 19 percent of their total annual consumer expenditures on them, and the remaining inhabitants of the urban areas, who represent 5.2 percent of the population, spent less than 10 percent of their annual consumer expenditures on them.

From this, it is evident that the subsidized fodstuffs represent basic subheadings in the budget of more than half the inhabitants of the urban areas.

This study also sought to learn the extent of importance of subsidies in reducing the costs of living of Egypt's inhabitants. It was evident that eliminating subsidies would mean in 1979 prices a rise in prices of subsidized commodities from a minimum of 726 percent of the current sales price, in the case of uncontrolled oil, to a maximum of 761 percent of the current sales price in the case of frozen meat. With respect to wheat, which is an extremely important commodity, the elimination of subsidies would mean a rise to 474 percent of its current price, that is, its current price to the consumer would become slightly less than six times its current price. In the case of fine flour, fava beans, lentils and rice, the elimination of subsidies would lead to a rise in their prices to two or three times the current prices of the commodities. From the foregoing review, a number of conclusions are evident:

1. The Egyptian citizen spends a large portion of his budget on food and drink, or basic foodstuff.
2. Subsidized fodstuffs constitute basic categories in the Egyptian family budget.
3. The elimination of subsidies will lead to a rise in prices of many goods and services, and this rise will extend to other goods and services which basically are not subsidized; that is what is called the indirect effects of abrogating the subsidies on price levels.
4. It is also apparent, from this review, that there is a relationship between subsidies and income distribution. This relationship may be attributed to the fact that a large segment of the population in Egypt lies within low income groups, as is apparent from the estimates on the distribution of income; consequently the elimination or guidance of subsidies is a matter that affects the standard of living of this population to a great extent, because it affects these individuals' real incomes.
5. The great increase in the value of subsidies has taken place since 1973. In spite of its connection to the new economic policy, it is not essentially attributable to this policy, although it occurred in the time when it was applied. However, this does not mean that the liberalization policy is totally innocent of responsibility for the increase in the value of the subsidies during the seventies.

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CS0: 4504/523

DROP IN BALANCE OF PAYMENTS SURPLUS REPORTED

GF130601 Manama GULF DAILY NEWS in English 13 Sep 83 p 1

[Text] Bahrain's balance of payments surplus last year was BD64.8 million. This showed a drop of BD239.2 million on the 1981 figure of BD304 million.

In 1980 the surplus was BD211.8 million and in 1979 it was BD24.1 million. But already this year there are signs of a much bigger surplus.

A Bahrain Monetary Agency official said that 1983 will show a significant change towards a growth rate and a boom in surplus due to the economic activities during the first eight months of the year as well as an improvement in the oil and aluminum markets.

The surplus dropped in 1982 due to reduced oil revenues and the international recession.

But the official said the BD64.8 million surplus still reflected a great achievement.

CSO: 4400/516

## BRIEFS

**INSTALIMENT CREDIT AGENCY ESTABLISHED**--Bahrain Commercial Facilities Company BSC, the island's first instalment credit company, opened for business last week, offering credit for individual and business purposes. According to the new venture's Chairman, Rashid Abdul-Rahman Al-Zayani, the firm will provide credit for purchases of motor vehicles, household goods, technological equipment and machinery. It will also supply leasing and commercial hire purchase services. All Bahraini residents will be able to use the company's services, Mr Zayani said, adding that most agreements with private borrowers would be for periods of up to two years. The company has a share capital of BD 10 million (\$26.5 million) and is owned by a group of local firms and three Bahraini commercial banks, Al-Ahli Commercial Bank, Bank of Bahrain and Kuwait and National Bank of Bahrain. [Text] [Paris AN-NAHAR ARAB REPORT & MEMO in English No 34, 22 Aug 83 p 10]

**ALUMINUM ROLLING MILL LOAN**--Two Bahrain-based banks, Gulf International Bank (GIB) and the National Bank of Bahrain (NBB), have been mandated to arrange a \$91 million export credit to finance the construction of an aluminium rolling mill on the island. GIB and NBB are to underwrite the credit, being raised jointly with the Japanese export credit agency, and arrange for it to be syndicated with Arab and international banks. Earlier this month, the Gulf Aluminium Rolling Mills Company (GARMCO) awarded the construction contract for the \$100 million project to Japan's Kobe Steel Ltd. The mill, to be built at the Sitra industrial complex, is designed to have a capacity of 40,000 tonnes a year and is due to be completed in 1986. It will process aluminium ingots manufactured by the Aluminium Bahrain Company (ALBA). Repayment of the principal for the credit is due to begin after the 29-month construction period and will be in 10 equal six-monthly installments. A group of 10-15 banks is expected to take part in the loan. The governments of Saudi Arabia, Iraq, Bahrain, and Kuwait each have a 20 per cent interest in GARMCO, while Qatar and Oman hold 10 per cent each. [Text] [Paris AN-NAHAR ARAB REPORT & MEMO in English No 34, 22 Aug 83 p 8]

CSO: 4400/504

## BAGHDAD ATTACKS HASHEMI-RAFSANJANI'S HOSTILE ATTITUDE

CF131742 Baghdad International Service in Azeri 1800 GMT 12 Sep 83

[Unattributed Commentary]

[Excerpts] Dear listeners, Rafsanjani, who is Khomeyni's fully empowered representative on the Supreme Defense Council, the official spokesman of the said council, Majlis speaker, member of the society of Tehran's combatant clergy, representative of the Council of Experts, honorary member and supervisor of the supervisory council of the Voice and Vision of Iran and number one [words indistinct] (?shuttling) between Khomeyni and the Seyyad Ash-Shohada and An-Najaf Al-Ashraf and the command headquarters of the Karbala operation, the Khatem Al-Enbiya operation and other naval operations, in other words, the official representative of Rohollah Khan Khomeyni, has gone beyond his limits. [sentence as heard] In fact, upon the recommendation and order of the pharaoh in Jamaran, he has raised his blood-dripping axe. Rafsanjani has again begun threatening Iraq's security and independence. He has begun telling the poor Iranians about the destruction of Iraq's cities and towns. By making dangerous and horrible remarks in the capacity of an Iranian official, Rafsanjani is paving the way for more destruction in Iran.

Is Mr Rafsanjani not aware of the remarks he makes as a responsible official? Does he not intend to rectify what he says? Does he not understand what his remarks mean? In short, does he not think about the result of his "nonsensical) remarks and threats?

Dear listeners, it is possible that Rafsanjani is making such remarks with a view to misleading the poor Iranians and concealing the defeats suffered by Iran. This might be the reason for his effort to intimidate the people of Iraq. Nevertheless, it is only the Iranians who should reply to the remarks which Rafsanjani makes. But, when viewed from a different angle, the people of Iraq and the revolutionary Iraqi Government feel that they too should reply to Rafsanjani. The reason being that through his remarks, Rafsanjani has been interfering in the internal affairs of Iraq in that he has been talking about forcing Saddam Hussayn to face trial, disbanding the socialist Arab Ba'thist Party, executing Iraqi [word indistinct] and the commanders of the Iraqi Army and destroying the governments of countries which established fraternal and friendly relations with the Iraqi Government.



In the eyes of the Iraqi people, the remarks made by the Khomeyni regime constitute the outcome of its [words indistinct] and dirty intentions. In short, the said remarks are the outcome of their empty brains. Otherwise, how can we explain the airing of Rafsanjani's remarks by the Voice and Vision network of Khomeyni's Islamic Republic of Iran?

Yes Hashemi-Rafsanjani is making dangerous threats and directing ugly words against the leaders of Iraq ugly words which he himself deserves. He is describing them as infidels.

Dear listeners, we (?expose) the official remarks made by Rafsanjani. We totally condemn the words used by Rafsanjani. Through them we have a better understanding of the dark aspirations and ulterior motives of the Khomeyni band. We have a better understanding of the roads on which they travel like a bird and the cemeteries in which they perch like owls. In short, we have reached a decision on the way we should talk with Rafsanjani and his colleagues. It is necessary to reply to Mr Rafsanjani and his colleagues, who wish to subject Iraqi cities to the firepower of their military forces, with a fire of destructive capacity. Which should be the court to try and chain a dirty person like Rafsanjani, who wishes to force the leader of Iraq to face trial?

CSO: 4400/513

## ISRAEL CORPORATION MAY BE TAKEN OVER BY CLAL

Haifa ISRAEL BUSINESS in English No 386, Sep 83 pp 3, 4

[Text]

In what may turn out to be the biggest single transaction in the history of Israel's economy, Clal Ltd. has proposed to take control of the Israel Corporation. By an exchange of shares with several major shareholders in the latter company – among those prominently mentioned are Bank Hapoalim and Baron Edmond de Rothschild – it proposes to concentrate 54% of the outstanding capital in its hands.

Clal already is one of the largest factors on the Israel scene. The company was established in the 1960s, mainly to create a channel by which investors from Latin America could enter the Israel economy. However, it has long since outgrown that original framework: now its extensive interests permeate all sectors of the economy, including industry, commerce, construction and the f  
permeate all sectors of the economy, including industry, commerce, construction and finance.

The Israel Corporation was also set up as an instrument through which investors from abroad could participate in Israel's economic development. It was founded at the first Jerusalem Economic Conference, which met just after the Six Day War, at the invitation of Levi Eshkol and Pinhas Sapir. Leading financiers from all over the world attended, lending support to even relatively grandiose plans. The Israel Corporation was intended to reach a paid up capital of \$ 600m. – with \$ 100,000 being the minimum participation – which would allow it to become a dynamic factor for economic growth.

In order to convince capitalists all over the world to invest heavily in the new firm, a special law granted it farreaching tax concessions. It was exempted from income tax for no less than thirty years, the resale of its shares was made exempt of capital gains tax, and their inheritance was freed of estate duty.

In spite of these advantages, the Israel Corporation never really justified its initiators' hopes and failed to become a truly dynamic factor for economic development. Its largest investments are in two major corporations, previously largely government owned: it holds 50% of the shares in ZIM, the national merchant shipping company and now one of the world's more important firms in its field, and 26% in Oil Refineries Ltd. Other holdings seem minor, by comparison: a share in the Plaza Hotels, in Jerusalem and Tiberias, part of a construction firm, an interest in cold storage warehouses, etc. All in all, the value of its assets is now estimated at about \$ 200m.

Over the years, the company also ceased to be a channel for the attraction of foreign investments to this country. Large blocks of its shares found their way into the hands of Israel financial firms and investors, prominent among them Clal, Bank Hapoalim, United Mizrahi Bank and the "Eisenberg" group.

The latter, centered on Shaul Eisenberg, his relatives and associates, now is one of the most vital forces in the Israel economy. A wealthy businessman, who made his fortune in the Far East since World War II, Eisenberg settled in Israel some years ago. Much of his business activity continues to be on the international scene, although some of his deals yield very real benefits to this country's economy; at the same time he is also developing a very strong position within Israel.

At present, the process of winding up the Israel Corporation's independent existence seems to be reaching a finale, with two groups vying for its control. The Eisenberg interests are said to have amassed some 34% of its shares, and want to buy more, to get a majority; other shareholders seem to be opposed to such a development, and are prepared to go with Clal.

Just where all this will lead is not yet completely clear. After some hesitation, the Ministry of Finance is now said to have approved the new share issue, which will be necessary to make the Clal takeover possible; in order to win that acquiescence, Clal executives undertook not to add to the number of enterprises that operate under the tax shelter umbrella of the Israel Corporation.

## BALANCE OF PAYMENTS DEFICIT DECLINE

Haifa ISRAEL BUSINESS in English No 386, Sep 83 p 3

## [Text]

The excess of goods and service imports stood at \$ 1,072m. in the first three months of this year, a decline of about 7% from a year earlier. This highly welcome statistic, however, does not yet signify a clear improvement in Israel's economic position.

A closer look at the detailed data will show that this reduction of the deficit was the result of several different developments. Most important of these was the decline in military imports, from \$ 444m. in January-March 1982, to only \$ 160m. during the period under review. It is not clear whether this represents the beginning of a long term trend, or is of only temporary importance.

At the same time, unilateral transfers dropped by almost \$ 400m., practically all because of a decline in "intergovernmental transfers". This category almost exclusively refers to U.S. government aid, and that - logically enough - was smaller during a period of reduced arms procurement.

Much concern was aroused by the fact that consumer good imports continued to expand. In January-March 1983 they stood at \$ 260m., 20% more than in the first quarter of 1982. More recent

government action - mainly the imposition of mandatory import deposits - were designed to stem this tide.

The most encouraging element in the whole picture may be the significant increase in nongovernmental capital movements, exclusive of central banks, which rose to \$ 371m. in the first quarter of this year, almost 350% more than in January-March 1982. Direct investments in Israel increased from \$ 56 to \$ 279m. This fits in with another statistic that reports a 5.5% increase in fixed investments in the Israel economy, during the same period.

Although most observers here are deeply concerned by many of the economic statistics that are published from time to time, those data are also the basis of considerable confidence. Basically, the Israel economy is strong and productive: once its organizational problems are solved - and that will be no easy matter - it will again be able to resume its long term growth pattern.

CSO: 4400/515

## GOVERNMENT APPROVES OIL EXPLORATION PROGRAM

Haifa ISRAEL BUSINESS in English No 386, Sep 83 p 6

## [Text]

Government authorities here have given their approval to a \$ 50m. oil exploration program, proposed to them by Seismica Ltd., a new company. Seismica recently sold about \$ 6m. worth of its securities on the Tel Aviv Stock Exchange and efforts are now under way to raise additional funds from investors abroad.

Much of the area in which Seismica proposes to work is part of concessions previously held by the Israel National Oil Company, a firm largely owned by the government. National Oil yielded some of its rights, in consideration of the fact that Seismica committed itself to carry out extensive seismic surveys. The new firm will also make several drillings, at least one of them - Sdom 3 - to a depth of more than 20,000 feet.

Many geologists are confident that a significant oil potential exists in the Dead Sea area, and also in much of the Jordan Valley. According to one estimate, that potential goes to "several hundred million barrels".

However, in spite of prolonged efforts no extensive oil fields have as yet been discovered within the borders of Israel. The most important finds so far were the fields at Heletz and Kokhav, which were located in the mid-1950s. Since then they have produced a total of about 16 million barrels, with output declining gradually over the years.

CSO: 4400/515



## INDUSTRY SEEN SWITCHING FROM OIL TO COAL

Haifa INNOVATION in English No 94, Sep 83 pp 6,7

### [Text]

Haifa - Industry here is well on the way toward a significant shift from oil to coal, as a major source of energy for manufacturing processes. This move follows the initiative of the Israel Electric Corporation, which soon will derive more than half of its output from coal fired generating stations (see below).

Several industrial firms already have committed themselves to the conversion of boilers to coal, largest among them reportedly Neshet, operators of three large Portland cement production plants. The company already has received official approval for their conversion, and detailed plans are now being drawn up.

However, the first industrial plant in this country to begin utilization of coal is in the food products industry. This is Shemen, a veteran manufacturer and an acknowledged industry leader here.

The company recently installed equipment imported from Britain to convert one of its three boilers from heavy fuel oil to the use of an oil/powdered coal mixture. Separate nozzles inject the two fuels into the firing chamber: by weight, the proportion is about 70% coal and 30% fuel oil; in terms of caloric value, coal will provide about 60% of the energy used. The new equipment does not impair flexibility: should coal ever be

unavailable, the boiler will be able to operate efficiently on oil alone.

The entire retrofit operation was in the hands of Enco Ltd., a relatively new Israel firm connected with the the National Coal Company here. Enco's experts prepared all the engineering plans and managed the project; as a matter of fact, the company also provided the necessary financing and assumed responsibility for a steady supply of coal. Initially that will be imported in powdered form; once demand expands, a powdering plant may very well be established in Israel.

The project's total cost reportedly amounted to no more than about \$ 200,000, including environmental protection equipment. Powdered coal will only be transported and stored in sealed containers; flue gases will be cleaned very thoroughly to prevent the emission of fly ash, sulphur and other pollutants into the atmosphere.

Economic projections indicate the investment will be very profitable, both for Shemen and the national economy. The investment will pay for itself in less than two years: the company expects to save nearly \$ 120,000 annually on its fuel bill. Even greater benefits are within reach, once Shemen goes ahead and modifies its other two steam boilers in a similar manner.

CSO: 4400/515

## BIOGAS INSTALLATIONS UNDER DEVELOPMENT

Haifa INNOVATION in English No 94, Sep 83 pp 5, 6

## [Text]

Yagur – More than a dozen full scale biogas installations, of the type developed by the Kibbutz Industries Association (KIA) (see *INNOVATION* 55 and 85, June 1980 and November 1982), are now under construction. One will be set up in this farm community near Haifa, ten more in various Negev kibbutzim, and at least three are on order for customers abroad.

Even though their equipment produces more methane from a given volume of organic matter than any other biogas system available, KIA developers consider that only one aspect of an integrated system. Their approach aims at the economically most advantageous utilization of organic waste materials, in general. The three industrial scale anaerobic digesters installed so far – at Kfar Giladi and Zikkim, in Israel, and at a site near Venice, in Italy – produce not only a combustible gas – its composition is about 60% methane, 40% carbon dioxide – but also high quality feed, fertilizer and a plant substrate rich in nutrients.

In recent months KIA's team of experts completed, in cooperation with various research institutes and commercial firms, the development of several important peripherals for its anaerobic digester. One option now available is a mechanical

system of manure collection from dairy barns, which saves much of the labor of loading the material into the system. Another item is a heavy duty "blender", powered by a 40 HP motor; this machine reduces the manure and any foreign matter that may have gotten mixed up with it – stones, wires, etc. – to a consistency easily processed by the digester. A third is a dual fuel burner: should the flow of biogas ever prove inadequate, it automatically switches to some backup fuel, such as natural gas or oil.

A full size biogas installation, capable of processing manure from a herd of 500 cattle, now costs about \$ 250,000 and up, depending on the project's specific circumstances. Significant savings become available – in terms of original investment, as well as operating costs – when such a system is planned as part of new construction, rather than being retrofitted onto existing barns.

The KIA system also is not limited to the processing of cattle manure. Development work now under way aims at its adaptation to all types of agricultural wastes, including plant products such as straw, corn cobs, cotton stalks and the like, to waste material from slaughterhouses and canneries, and also to municipal garbage and sewage.

CSO: 4400/515

## PREPARATIONS FOR FIRST WIND POWER INSTALLATION UNDERWAY

Haifa INNOVATION in English No 94, Sep 83 p 4

[Text]

Yodfat — Israel's first major wind power installation probably will be set up on Har Gilon, near this Lower Galilee community. Continuous observations, over a period of more than a year, found that wind velocities there average at least 5 meter/second during more than 80% of the time, and that they exceed 10 meter/second during 30% of the time — all at an elevation of 10 meters above ground level.

Now more detailed studies will be conducted, including readings at different elevations over a period of several months. Data already available suggest this may then be followed by the installation of a large wind turbine capable of producing perhaps 2.5 MW of electricity. Once experience with that system verifies earlier observations, up to ten additional turbines can be set up at this site. The first turbine may be in place by some time in the first half of 1985.

At the same time, Ministry of Energy experts have located five likely sites for the early erection of smaller wind driven generators, four of them in farm villages and one in a major industrial plant. Each of these, capable of producing up to 50 KW, will be financed by the community concerned — with substantial support from the Ministry.

Surveys of Israel's wind power potential have been in progress for several years, under the direction of the Ministry of Energy and Infrastructure (see *INNOVATION* 68, July 1981). Some experts now peg that potential at an ultimate total of several thousand megawatt, subject to various constraints such as land utilization restrictions, town planning laws and so forth. Nevertheless, it is hoped, Israel will have about 1,000 MW of wind powered generating capacity installed by the year 2000.

## COTTON SEED USED TO FUEL NEW PLANT

Haifa INNOVATION in English No 94, Sep 83 pp 2, 3

## [Text]

Kfar Masaryk - Large quantities of industrial process steam will soon be produced here by a sophisticated new plant, to be fueled by cotton seed hulls. Part of Milouot, a group of regional enterprises owned by farm communities in this area, the plant is now nearing completion.

Within the framework of its efforts to increase the benefit growers derive from their crops, Milouot has long worked for the enhanced utilization of cotton seeds (see, for instance, *INNOVATION* 31, June 1978). Among other lines of production it is known for its pioneering work in the development of special cotton seed protein, and of a cotton seed flour fit for human consumption.

In order to assure the economical operation of its extensive facilities, the firm now buys all the seed produced by cotton ginning operations in different parts of Israel - a total of some 100,000 tons a year. Processing that quantity leaves about 30,000 tons of delinted hulls - a commodity for which no economically viable use existed until now.

A new fluidized bed steam generator, built at the Milouot industrial complex here will consume about five tons of those hulls per hour; available quantities will suffice for operations throughout the year, 24 hours a day. The plant's rated output is 27 tons of steam per hour, but that can be increased by up to 20%. Energy efficiency is enhanced by the fact that the steam boiler is

mounted directly above the combustion chamber, which lets it benefit both from the flow of hot combustion gases and from thermal radiation.

Temporarily - perhaps for the next year or two - demand for steam by neighboring Milouot plants will be considerably less than the projected output. This made it possible to run major auxiliary systems - the 400 HP blower that provides air for the fluidized bed is the most important - on the excess steam. The turbines installed for that purpose cost relatively little and will pay for themselves, in terms of electricity savings, within less than one year.

The new installation is highly flexible and can utilize many different types of fuel - biomass, as well as fossil - with particles up to 3 inches in diameter acceptable. Should cotton seed hulls ever be in short supply - an unlikely eventuality, as things seem now - the system could be run on straw, corn cobs, wood chips or even coal. In most instances, only relatively minor adjustments would be required.

The project, carried out with support from the Ministry of Energy, was planned and executed by Actimatic Engineering, a Tel Aviv firm that specializes in the design of biomass combustion facilities. The total investment amounts to some \$ 3m. - a modest sum in consideration of the fact that it will save the national economy imports of more than 10,000 tons of petroleum a year, costing well over \$ 2m.

CSO: 4400/515

## BRIEFS

ISRAEL-COLOMBIA TRADE--Tel Aviv--The chances of expanding two-way trade between Israel and Colombia are very good, according to Rami Gutt, director-general of the Export Institute, who recently led a 12-man trade mission to that country. He noted that the Colombians have shown particular interest in communications equipment, medical equipment and supplies, irrigation systems and agro-chemicals. "Colombia is the second largest producer of cut flowers in the world, and our irrigation equipment and agro-chemicals fit in neatly with their needs." (Holland is the world's leader in cut flowers; Israel is the third.) [Text] [Jerusalem THE JERUSALEM POST in English 28 Aug 83 p 6]

CSO: 4400/515



## OFFICIAL ON ENTRY OF FOREIGN WORKERS SINCE 1978

GF092019 Kuwait AL-QABAS in Arabic 8 Sep 83 p 3

[Excerpt] Muhammad al-Shabnan, assistant under secretary at the Ministry of Social Affairs and Labor for labor affairs, has said that there are nationals from 134 countries in the Kuwaiti labor market.

In a statement to AL-QABAS, he said that the first study carried out with the use of a computer contained various data on the Arab and foreign workers who arrived in the country from 1 April 1978 to 25 August 1983. The total number of Arab and foreign workers who entered Kuwait during this period of 5 years and 4 months and who were issued work permits is 421,358 workers. They are distributed among seven economic sectors, and they include 2,058 workers whose profession is unspecified.

The biggest percentage, 41.8 percent, work in the commercial, restaurants, and hotel sector. Some 176,445 workers are occupied in this sector. The second biggest percentage of the Arab and foreign workers, 26.3 percent, are in the building and construction sector. Some 111,193 are in this sector. There are 32,335 workers in the services sector, 22,310 workers in the supplies and insurance sector, 22,523 workers in the transport and storage sector, and 6,059 workers in the processing industry. Some 8,45 workers have entered the country during this period to work in the agricultural sector, 2 percent of the total number of workers who entered the country during the said period.

Al-Shabnan said that 47.6 percent of the workers who entered the country were Arab, that is 200,537 Arab workers. The number of Egyptian workers was the highest among the nationalities, Arab or foreign. Some 103,790 Egyptian workers entered the country in comparison to 33,643 Jordanians, 24,345 Syrians, 13,642 Lebanese, 12,667 Iraqis, 4,432 from the PDRY, 2,672 Palestinians, 2,320 Sudanese, 1,593 from the YAR, 825 Somalis, 208 Moroccans, 160 Omanis, 60 Tunisians, 78 Saudis, 48 Algerians, 43 Bahrainis, 13 Libyans, 8 Qataris and 8 workers from the UAE.

Al-Shabnan said that next to workers from Egypt the largest number is from India. In the past 5 years and 4 months 65,997 Indian workers, 49,373 Pakistani workers, 37,373 Iranians, 12,140 Koreans and 17,860 Bangladeshi workers arrived in the country.

Al-Shabnan added that only one national of the following 18 countries--which may be known to some people--entered the country as workers: Burundi, Benin, Ivory Coast, Mali, Uganda, Upper Volta, Luxembourg, Monaco, Barbados, Colombia, Trinidad and Tobago, Panama, Costa Rica, El Salvador, Honduras, Jamaica, Kampuchea, and Macao.

Al-Shabnan said that only two workers entered Kuwait from each of the following states: Cameroon, Gabon, Niger, Seychelles, Zaire, Liechtenstein, Chile, Peru, Venezuela, and Mexico.

Three workers entered Kuwait from each of the following countries: Botswana, Guinea, Madagascar, Poland, Uruguay, Cuba, Formosa [as published] and the Cook Islands.

Four workers entered Kuwait from each of the following states: Malawi, Mauritius, Mozambique, Sierra Leone, and Belize.

[Five] workers have entered Kuwait from each of the following two countries: Malta and Romania.

Six workers entered Kuwait from each of the following states: Niger, Albania, Argentina, and Mongolia.

Seven workers entered Kuwait from each of the following states: Ghana, Rwanda, South Africa, and Burundi.

Eight workers entered Kuwait from each of the Maldives and Taiwan. [as published]

Al-Shabnan noted: From this analysis we can conclude that there are no restrictions on importing workers from a particular country, particularly the Arab countries. He denied claims that no work permits are issued for nationals of certain Arab countries. He asserted: The contrary is true, for we encourage Arab workers, who form the largest percentage of workers entering the country.

CSO: 4400/516

LEADER OF OCTOBER 24 MOVEMENT ON EXTENDING GOVERNMENT AUTHORITY TO TRIPOLI

Beirut MONDAY MORNING in English No 579, 15-21 Aug 83 pp 54-57

[Article by Mona es-Said]

[Text]

Farouk Mokaddam, leader of Tripoli's October 24 Movement, is trying to persuade the leaders of Lebanon's "northern capital" to hold a national accord conference to abort what he says is a plot to plunge the city -- and the rest of Lebanon -- into a bloodbath.

Mokaddam, talking to *Monday Morning* on the phone from Tripoli last week, said that the fighting in the Shouf district, the assault on the Lebanese Army units in the mountains, the shelling of Beirut International Airport, the terrorist bombs in the capital, the Bekaa and Tripoli were all parts of a scheme to rekindle the Lebanese civil war and force the partition of Lebanon.

"For months, I have been calling for a national conference in Tripoli to be attended by all the city's political, economic, professional and spiritual leaders," he said. "The aim of the conference would be to pull the city out of the game of nations.

"I call on all the leaders of Tripoli to recognize their responsibilities. I say to them that if the plot that is being hatched for Tripoli is implemented, the only result will be the destruction of Tripoli. I was in Beirut recently, and I saw what they did to it. I cried for what they did to Beirut, and I cried for what they could do to Tripoli.

"I appeal to the people of Tripoli, and especially to Rashid Karami, to agree to hold a national conference under his (Karami's) chairmanship, to save Tripoli from what they are plotting against it."

Mokaddam said many political and spiritual leaders in Tripoli had agreed to attend such a conference, but former Prime Minister Rashid Karami had refused. "But I'm going to go on trying to persuade him to change his mind," he said.

Mokaddam is a supporter of the Lebanese government and wants the northern city to be taken over by the legal authorities.

## PRECONDITION

He says he is ready to attend a national conference in Tripoli with no preconditions — except one: "That Tripoli be a united, secure, free Lebanese city capable of participating in the rise of the New Lebanon. I am ready to enter into discussions with anyone, without exception, on ways of ridding our people of hegemony and allowing Tripoli to play an effective, free, nationalist role in its Arab environment."

Karami recently joined former President Suleiman Franjeh, Druze leader Walid Junblatt and a number of leftist Lebanese leaders to form the "National Salvation Front," which is opposed to the regime of President Amin Gemayel, rejects the Lebanese-Israeli withdrawal agreement and accuses the Phalangist Party of dominating the State.

Sidestepping a question about his relations with the Salvation Front, which is backed by Syria, Mokaddam said he was in touch with some of its members, "and I hope these relations will promote the liberation and sovereignty of Lebanon."

As far as he was concerned, he said, a salvation front already existed before the Salvation Front was formed. "My salvation front is made up of two parts: the people of Lebanon and the legal authorities of Lebanon. In my view, a united, strong state, and a united, free people should have priority over everything else. My country is being usurped every day, and the cause of its unity and liberation is sacred to me. Everything else is secondary."

The October 24 Movement, Mokaddam said, "salutes the legal authorities and their efforts to liberate and unify the country. We support the Army; we support the Internal Security Forces; we support the executive authority in all its branches; we support Speaker Kamel Asad and the legislative authority; we support the judicial authority. We support the State — all the State. We are now in a stage in which we must be united — the State and the people."

Asked if he believed that the formation of the National Salvation Front was a step in the direction of partitioning Lebanon, Mokaddam said: "I reject partition and will fight it with everything I have. I am ready to die to keep my country united."

He added: "I have been hearing some strange statements, to the effect that they are working for autonomous security and autonomous financing. But I refuse to believe that a former prime minister like Premier Karami would accept such a thing, and I would point out that when certain forces pulled out of certain areas in the North, President Franjeh called on the Army to replace them."

"I reject partition, and I cannot imagine anyone's lust for power growing to the extent of partitioning his own country."

## ADF

Several months ago, Mokaddam recalled, he held a press conference during which he made his first call for a

national conference for the leaders of Tripoli. At that same conference, he suggested the creation of a "Greater Tripoli, stretching from Kalamoun to Baddawi," the redeployment of the Syrian Arab Deterrent Forces (ADF) outside that area, the elimination of all illegal arms in the city, the deployment of legal Lebanese forces in it and the reopening of the Beirut-Tripoli highway.

"Before that conference, I remember that other Tripolitan leaders and I held a meeting with Premier Karami and we all suggested that he take charge of implementing those proposals to stabilize Tripoli, and we said we would support him to the fullest extent. But Premier Karami said that would be impossible; he said the Syrian forces were staying. Our reply was that getting the Syrian forces out of Tripoli did not mean getting them out of Lebanon, which would require negotiations with the Lebanese government; all we wanted was to make Tripoli safe and give it the power to make its own decisions, instead of receiving decisions from certain quarters. But Premier Karami stuck to his position.

"And when I made that suggestion in my press conference, there was a great uproar, and there were many attempts to assassinate me."

But on July 28, the Syrian forces suddenly pulled out of Tripoli without informing anyone in advance.

"We were all taken by surprise," Mokaddam said. "The pullout should have been coordinated with the legal authorities, but it wasn't, and that left several question marks."

The sudden Syrian move started a scramble by Tripoli's various militias for the positions abandoned by the ADF, and Mokaddam's October 24 Movement succeeded in seizing Tripoli's Crusader citadel, which Mokaddam believes "is the key to Tripoli, which is the key to Lebanon."

And now, "despite everything that has happened and everything that is happening, and despite the fear that the sudden ADF pullout has spread in the city, we stand steadfast in Lebanese Tripoli."

#### CONTROL

But who is controlling Tripoli now?

"I object to the question," Mokaddam said. "I don't consider myself to be in a position of 'controlling' any part of Tripoli. I am in the citadel, but that doesn't make it mine; it's still the citadel of Tripoli, the citadel of Lebanon. By preserving it, I am preserving a precious part of my country's soil. I don't like the word 'domination.' I reject any kind of domination, and the people of Tripoli also reject it."

The October 24 Movement, he added, "is totally independent, both militarily and financially. Anyone who knows Tripoli knows that. For instance, the building I am staying in was mortgaged to the Abu Jaoudeh Bank, and it was only three months ago that I was able to redeem the mortgage. We also owe the Arab Bank quite a bit of money. The people of Tripoli know what our situation is, and they know that the decisions we make are our own deci-



sions, not handed down from anyone. Our abilities and our weapons are the abilities and weapons of our people, and the orders we carry out come from no one but the people."

The weapons of the Movement, Mokaddam said, "are not as awesome as some people seem to think, although they're enough to help us defend ourselves. We are a minority, but strength lies not so much in numbers as in faith and in the national principles which guide any group's actions."

According to recent reports, several ships docked in Tripoli recently and unloaded large cargoes of weapons, increasing the fear of the Tripolitans that their city was about to become "another Beirut."

Asked who had sent the weapons and who had received them, Mokaddam said: "I don't want to make any statement which might start new disputes and raise new tensions. I am now still calling for a national conference in Tripoli, and I will say nothing that might jeopardize the chances of such a conference taking place."

"But I will say this: The arms that have poured into Tripoli are part of the game of nations that Tripoli is being dragged into, as if it were a football. I repeat my call to all the leaders of Tripoli to get all arms out of the city, allow the legal forces to take over security, and come together in a national conference in which I am sure we can arrive at a minimum level of agreement that would rid Tripoli of its nightmare of fear."

The vast majority of the people of Tripoli want the legal forces to take over all security duties in their city, Mokaddam said, "and Premier Karami himself wants the city's security to be in the hands of the legal forces — specifically, the Internal Security Forces. I say legality is indivisible, and the executive authorities, going by the wishes of the people, must decide how the security of Tripoli can best be served."

#### ARAFAT

Referring to the inter-Palestinian and Syrian-Palestinian disputes and their possible effects on the security of Tripoli, Mokaddam said: "Tripoli must be pulled out of the game of nations; it must be pulled out of the inter-Arab struggles. I appeal to the leader of the Palestinian forces, Abu Ammar (Yasser Arafat) — he is the only one I know — to wake up to the fact that a united, stable, secure Tripoli would be the best guarantee for any just cause. I urge him to join in the efforts being exerted to keep Tripoli out of any struggle which would serve neither our interests nor his — nor the interests of Syria in the long run."

"And I believe that the national conference I am calling for would help get Tripoli out of these struggles."

He added: "I address myself to those in Tripoli who are constantly calling for national accord: Why don't they practice in Tripoli what they're preaching to Lebanon? How can they claim to support Lebanese national accord if they avoid Tripolitan accord? And accord is not an agree-

ment among a few people to stand against the Lebanese people and apportion Lebanon between them; accord is an agreement to save the Lebanese people and give them a free, just, united country."

Despite the troubles in various parts of the country, "and the success of the plotters in starting sectarian strife in the Shouf," Mokaddam says he is "optimistic that Lebanon will emerge from this crisis a free, just, united country. Some may find my optimism strange in these circumstances, but Lebanon has gone through worse times and survived.

"I came out of my recent visit to President Gemayel optimistic, because, for one thing, I found out that we are not alone in this world. But still, the Lebanese have a big role to play in their salvation, and the time has come for them to play it."

CSO: 4400/517

# THREATS OF PARTITION DISCUSSED

Paris AL-MUSTAQBAL in Arabic No 336, 30 Jul 83 pp 24-25

[Article by Ghassan Bayram: "Lebanon between Partition, Division and Unity; Outcome of Efforts To Find a Solution and To Expand the Opposition Front Still Unknown"]

[Text] Before Lebanon reached the point of being partitioned, Washington chose to pursue a dialogue with Damascus. It replaced Philip Habib who was rejected by Syria [with another negotiator], and it promised President al-Jumayyil it will continue its support until Lebanon is liberated.

The Lebanese government started a battle against those it called the "helicopter opposition." This term was used by President Amin al-Jumayyil in an address he delivered in the American city of Houston to a group of expatriates who came originally from Lebanon. The president was referring to the National Salvation Front which was proclaimed in Ba'labakk under the leadership of Sulayman Franjiyah, Rashid Karami and Walid Junblatt. The front adopted a political and an organizational charter under the rubric of working to save the agreement over an Israeli withdrawal and working for what it called "confronting the domination of the Phalangist Party and its control over the resources of power."

Lebanon's president regarded this opposition a manifestation of the new form of conspiracy to which people are trying to ascribe a Lebanese character. President al-Jumayyil chose to launch his fight with this opposition front from the United States before returning to Lebanon. He had sensed the magnitude of the damage that was caused by the timing of the announcement of that front. The formation of the front was announced during the talks that al-Jumayyil held with the U.S. president about the means of getting the foreign forces out of Lebanon and ending the Israeli occupation of large parts of Lebanon.

President al-Jumayyil did not wish to wait till he returned to Lebanon because he felt when he was in the United States that a fight with his opponents was inevitable and that the timing that was chosen to announce the formation of the front was to be considered a sound indication of the existence of a set policy whose purpose is to harden domestic opposition to his policy. This provides evidence that there would be no hope in waiting for truce negotiations and for a policy according to which commendable efforts would be made to get all the domestic political forces to agree with the policy that the government pursued regarding [relying on] the American choice for liberating and delivering Lebanon.

Consequently, the Lebanese president took advantage of the opportunity of his meetings with expatriates of Lebanese origin in some major U.S. cities to respond to the announcement that was made by the National Salvation Front before the ink that was used to make that announcement dried. Regardless of the results that government officials achieved from their trip to Washington regarding consolidating the practical commitment of the U.S. administration to solve Lebanon's crisis, the announcement that the National Salvation Front was formed as an organization that included well-known Lebanese political figures and party forces that in the past constituted the National Movement, which is well-known for its leftist tendencies, and as an organization opposed to the policy of the government seemed to be directed against the Americans. The announcement seemed to be intended to cast doubts about the government's representation of the Lebanese people. That was one of the most important of the few points that government officials had hoped to make in Washington: [they wanted to make the point] that the government had the support of the vast majority of Lebanese citizens.

Political observers do not think that intensifying the domestic opposition supports Syria's position of opposing the agreement. Regardless of how much Syria benefits from the Lebanese opposition, there are other Lebanese considerations and consequences that will be reflected on what is happening. These will create a new domestic situation that will cause major difficulties for the government and may impede its actions.

It seems clear today that the government's victory in confronting the opposition is being placed under careful political observation because these matters will remain subject to new developments and changes in the state's battle to end the Israeli occupation. And here too the American role emerges forcefully as an ingredient of some influence on the course of this battle. Inasmuch as the Lebanese government succeeds in implementing the agreement with Israel and in removing the dangerous nightmare that has resulted from the continued occupation --and the partitioning and similar plans that might follow--it can restrict the activities of the front and its efforts to assume effective, political and national implications that can influence and change the course of events. But the opposite is also true: this opposition front will have opportunities to grow and to have other political forces join it if nothing is done in practical terms about the situation in Lebanon. to implement the agreement with Israel and to make the Lebanese people reap the fruits of that agreement.

So far no one can make an independent judgment about what lies ahead. No one can say what developments and anticipated possibilities the coming days will bring. No one can say exactly what the practical results of the political trip to Washington will be. This is because not all the given facts are in, and observers have nothing to go on but the statements that were made by the Lebanese president and his minister of foreign affairs, Elie Salim before their arrival in Washington. Observers also have the joint Lebanese-American statements that were issued after the talks in Washington. All these statements imply a [sense of] determination and an appeal for optimism. Lebanese observers no longer put too much credence in the numerous press releases that are issued.

On his way to Washington President al-Jumayyil made statements that were extremely optimistic and determined. He made those statements after meeting with the Jordanian monarch, King Husayn. It was with the same optimism and sense of

determination that Minister of Foreign Affairs Elie Salim formulated his statements in New York before going to Washington to join the presidential delegation. The fact of the matter is that these very optimistic statements that were made by President al-Jumayyil and Minister Salim before their arrival in the U.S. capital were themselves the subject of optimism. Political circles in the Lebanese capital know the conditions that forced Lebanon's president to travel a second time to Washington. However, the chairman of the Foreign Relations Committee in Lebanon's Chamber of Deputies, Dr Amin al-Hafiz, did not share the optimism of others because he had just returned from an extended visit to the United States. Dr Amin al-Hafiz had spent a full month in the United States during which he communicated and conducted talks with senior officials in the U.S. administration and in Congress. Dr al-Hafiz described the statements that were issued by President al-Jumayyil and Minister Salim as being based on positive attitudes he had sensed in Washington from senior officials who affirmed that their commitment to Lebanon would stand and would not be subject to any discussion. At the same time Dr al-Hafiz wondered, "But I don't know how these U.S. assurances and affirmations to deliver Lebanon will be implemented when Israel is refusing to implement a full unilateral withdrawal and when Syria is determined to reject any withdrawal under an agreement with Israel. Faced with this dead-end road, a solution can come about in only two ways: there can either be an agreement between Lebanon and Israel and that agreement would be supported by Moscow and Washington, or there will be a miracle. And I do not believe that we are in the age of miracles."

Many leaders and politicians subscribe to Dr al-Hafiz's opinion and see no other way out. Their opinion is based on the difficulty of achieving a plan in Washington for a solution that can be implemented and can bring about a full withdrawal [of foreign troops] in a matter of 2 months or at most by the end of this year. This is a prevalent opinion; it is what some Lebanese are thinking about.

One of the reasons they think that achieving a solution would be difficult is that the prime minister of Israel, Menahem Begin, cancelled his visit to Washington which was scheduled to take place on the 28th of July. Despite everything that is being said about health reasons or personal reasons for the cancellation, western information sources attributed the cancellation of Begin's visit to another reason. They attributed it to the fact that Begin felt he would be going to Washington to give something for Lebanon. He felt that President Reagan would appeal to him to make concessions. For example, he would be asked not to go through with the partial withdrawals, or he would be asked to carry out the agreement with Lebanon unilaterally and not to link it with the Syrian withdrawal. What lends credibility to this line of thought is the fact that the Israeli government decided to withdraw [its forces] to al-Awli River. It was thereby facing the U.S. administration with a "fait accompli" and taking away from the U.S. president the possibility of agreeing to some of the most important demands for which the Lebanese president had gone to the U.S. capital.

Another reason for the difficulty of achieving a solution is the fact that Lebanon's presidential delegation arrived in Washington at a time when the U.S. administration did not yet have any guarantees or plans regarding the Syrian withdrawal from Lebanon. The U.S. capital was still going on with its efforts "to court" Damascus, and it was trying to outline the beginning of a dialogue with it, particularly after the president of the American University in Beirut, Dodge, was released [by his kidnappers], and also after Philip Habib was relieved of his



mission in Lebanon and the Middle East and replaced by another envoy, Mr Macfarlane. U.S. sources in Beirut are not making a secret about what they think of this change. They consider that change evidence of Washington's wishes not to proceed on a decisive course and its choice to pursue a dialogue with Syria no matter how long that would take.

Although President al-Jumayyil was still in Washington, informed political circles reached conclusions that were based on information and stated facts. According to this information the U.S. administration did not give the Lebanese president any assurances regarding the Syrian withdrawals or the timing of such withdrawals. This is because the Americans had not gotten from the Syrians anything that would enable them to make such assurances. Negotiations regarding the Syrian refusal to withdraw ended in an understanding about a plan of action concerning the means of the dialogue with Damascus and the results that must be achieved from that dialogue. The administration of the U.S. president also promised to apply pressure to Israel to make it reconsider [its] plans for partial withdrawals. The U.S. administration promised it would try to reach an agreement with Israel on a plan of action that would revive the agreement between Lebanon and Israel by means of an understanding that would be reached over a plan for scheduled withdrawals. These would be carried out with coordination and cooperation in a manner that would preclude the perils and dangers of partitioning Lebanon.

The visit that Lebanon's president made to Washington clarified beyond doubt that the United States is determined to pursue its dialogue with Damascus without letting the time factor work against Lebanon and undermine the authority of its central government. The outcome of that effort will be evident in future days. However, Washington's choice to pursue action with the Syrians and not to renew its efforts with Tel Aviv [could] mean that the United States will be wittingly or unwittingly involved in a plan that is being carried out now on Lebanese territory to partition Lebanon in fact. It is this that is giving credibility to French and British fears that such a plan does exist.

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## SIGNIFICANCE OF NATIONAL SALVATION FRONT ANALYZED

Paris AL-MUSTAQBAL in Arabic No 336, 30 Jul 83 pp 18-20

[Article by Salim Nassar: "Lebanon Fighting Fears of Partition and Dangers of Being Cut off; Republic Goes Back to Being a Province"]

[Text] The violence between Lebanon's president and his opponents in the National Salvation Front shifted from the political to the military. The danger of the announcement Walid Junblatt made from the capital of the mutiny, Ba'labakk, as well as its domestic and Arab implications equaled those of the statement made by Amin al-Jumayyil in Washington when he responded to the challenge with a confrontation. The country was thus suddenly thrust into a climate [similar to that which prevailed in] the 1958 Revolution. There was, [however], a slight change in positions and in men. This is because the program that was proposed by the trio of President Franjiah, Prime Minister Karami and Walid Junblatt is considered a revised copy of the program that was proposed a quarter of a century ago by leaders of the revolution. Those men were led by Sa'ib Salam, Kamal Junblatt, Sulayman Franjiah, Rashid Karami and Ma'ruf Sa'd. That program essentially calls for isolating Lebanon from [its] so-called subordination to the United States and alignment with the West. At the present time there is an additional demand to scuttle the agreement with Israel and to keep Lebanon from imitating Egypt and departing from the Arab consensus.

The government of al-Wazzan had appealed to the majority in the Chamber of Deputies [for support], and it armed itself with a decision made by the people's representatives for the purpose of legitimizing the agreement. U.S. Secretary [of State] George Shultz conveyed that to Damascus during his last visit to that city. While in Damascus Shultz was told that the years of the war had produced new leaders who may be outside the regime's game plan but who are more effective and more influential. When Shultz refused to take these matters into consideration, all the forces supporting the Salvation Front shifted to a position of mutiny, announcing thereby an end to the 9 months' truce. This is the truce that various parties, groups, political figures and religious forces had granted Amin al-Jumayyil. These figures include President Franjiah, who exchanged declarations of praise with al-Jumayyil; Walid Junblatt, who was seen in Paris [standing] at al-Jumayyil's right; and spiritual leaders who had charged al-Jumayyil with the responsibility of saving the country and delivering it from [foreign forces].

It seems that this experience which ended in an agreement with Israel has brought

the country for a second or a third time to the brink of civil war. It has created a vast political gap with Damascus whose outcome was the emergence of the National Salvation Front. The word, salvation, which is being used here instead of the word, rescue, means in this context deliverance from President Amin al-Jumayyil and from the government of al-Wazzan by means of an armed revolution.

Official sources in Beirut claim that there was an intention to establish an alternative government in Tripoli or in Ba'labakk. This government would acquire its legitimacy from the recognition it would get from countries that support its political course, such as Syria, Libya, Iran, the Soviet Union and eastern bloc countries. However, some Lebanese leaders opposed [this plan]. They thought that this step might encourage the partitioning of Lebanon and force western countries to consider the front a leftist movement linked with the Soviet Union and sympathetic to it. The front would thus lose its domestic clout, and the country would be exposed to further internationalization and division of influence. At the same time the country would lose the support of moderate Arab countries.

Reactions to the role of the National Salvation Front, to the front's domestic objectives and to its Arab ties differed. Comments that were made in Arab capitals were cautious and calm as though [officials in those capitals] were waiting for Lebanese reactions before assuming a specific position on this change. Syria, however, considered the front's intent to set up an alternative government "a step in the right direction to liberate Lebanon from Israeli occupation." In Kuwait 'Abd-al-Halim Khaddam spoke about a greater objective. He said that his country would help every Lebanese citizen who would make an effort "to save Lebanon from the Israeli occupation and from the domination of the Phalangists." In making that statement Khaddam was considering Amin al-Jumayyil the leader of a single party trying to control the reins of power in the country and exceeding thereby the collective legitimacy of representing all Lebanese groups. This means that the criticism was not directed at the regime, at the presidency or at the role of government; it was rather directed at the role of the single party which was blamed by al-Mufti Hasan Khalid in a round-about way in the sermon he delivered on Bairam.

Although this charge appears curious to Arab regimes, 90 percent of which are dominated by a single party and a single ruler, criticism of the Lebanese subject in particular was an expression of the attempts made by the administration to introduce the Phalangists into the state's administrative and political structures. Junblatt has complained repeatedly of Phalangist infiltration into the army, the courts, the Ministry of Foreign Affairs and significant departments of the state. He said that over 60 percent of government appointments went to Phalangists. In the course of his attack on the prime minister Junblatt said that the initial responsibility granted by the Chamber of Deputies to Amin al-Jumayyil does not give al-Wazzan permission to turn over the responsibilities of office to the Phalangist party, particularly since the president was elected under a slogan of liberating the country from foreigners. Meanwhile, a senior Sunni leader said that there may be some justification for appointing committed Phalangists to state positions if al-Jumayyil had succeeded in liberating the country from foreign occupation. However, after his failure [to achieve anything of consequence] in the major foreign questions, deputies can now legally question him about minor domestic problems. This is what the National Salvation Front will do in the bulletins it began publishing and distributing in the context of a propaganda campaign.

Al-Jumayyil's supporters react to this charge by saying it is not true. They say that the president's proteges are no more than 10 percent of [all state employees] if their number is compared with the number of proteges of former presidents who were appointed by them in the presidential palace, in the ministries of foreign affairs and justice, in the news agency, the army and in official public organizations. They justify the president's proportion of proteges [by saying] that in their opinion he is trying to introduce effective elements in sensitive positions and that this is part of a plan to develop the administration and reform the state.

Neutral Lebanese leaders expect the president to act wisely and knowledgeably in an effort to protect the unity of the army from breaking up and becoming fragmented, or rather out of fear that the state's institutions may collapse completely. That possibility exists if army forces are forced to fight side battles, if Israel thrusts itself into the fighting to defend one side against the other or if the fires of sectarianism in Mount Lebanon flare up and preclude neutral forces in the strife between Sunnis and Druze from staying neutral.

All these hardships surfaced suddenly because of Menahem Begin's decision to effect a partial withdrawal of Israeli troops from Lebanon. Begin had postponed his visit to Washington when he was informed that President Reagan had misgivings about the consequences of that decision on U.S. policy in the Middle East and on the credibility of U.S. commitments to countries friendly to the United States. Lacking any leverage he could use during a pre-election period to threaten the prime minister of Israel, President Reagan invited the ministers of defense and foreign affairs, Arens and Shamir, [to come to Washington] to examine developments in the situation. This is an extremely complex situation that depends on buying time for at least 6 months. U.S. newspapers indicate that by making this request the president is hoping to realize several matters.

First, he wants to give his new representative, Robert Macfarlane, a new chance to negotiate with Damascus [in the hope that] he may succeed where Philip Habib failed.

Second, he wants to gain a period of relative calm in Lebanon that would help his campaign for re-election since his foreign policy did collapse almost everywhere.

Third, he wanted to give the Lebanese army a period of time to prepare itself to fill the security vacuum in al-Shuf area, particularly since the modern weapons that were approved for that army by the Pentagon will be delivered at the end of the summer.

In Washington Minister of Foreign Affairs Elie Salim warned against the consequences of postponement because domestic matters were deteriorating rapidly. The gist of what he told officials in Washington was that the failure of the U.S. commitment in Lebanon will have a negative effect on the positions of most countries in the region. But the Reagan administration finds itself paralyzed and unable to act in view of the failure of its diplomacy in the question of Lebanon in particular.

Secretary Shultz failed to persuade President al-Asad that a balanced withdrawal



would be reasonable just as Habib failed to persuade Menahem Begin that a step-by-step total withdrawal would [also be reasonable].

Reagan thus found himself facing a critical situation that he had tried hard to avoid. Although he emphatically affirmed the truth of his commitments to Lebanon in front of his guest, the president of Lebanon, and claimed that these commitments had not waned and that they were alive in his heart, facts nevertheless contradict that claim. The Lebanese delegation sensed aspects of that American weakness in the expectations that were communicated to the delegation. All these expectations alluded to limited attempts to monitor the so-called political imbalance by starting a dialogue with Syria either through the mediation of the Joint Follow-Up Committee, through the mediation of the new envoy, or even through the mediation of some Arab countries. But a dialogue about the withdrawal is no longer imminent since Syria has made a commitment to support the National Salvation Front and announced that changing mediators would not change its policy. This means that Washington is [now] compelled to create a new accomplished fact on the Lebanese scene. This would be the electric shock that is required to change frozen positions. All this points out that the areas that will be divided between Syria and Israel are growing and the influence of the central [government] over Beirut and its suburbs is dwindling.

The required change will come about only through the mediation of countries or persons. Israel is not prepared to launch a war that would not serve its expansionist interests and is basically at odds with its historical aspirations. Israel is now prepared to withdraw from Mount Lebanon to the Awali River where it will set up a permanent line for its new security borders in Lebanon. This will be like the Berlin Wall which Khrushchev built to prevent infiltration. Observers expect Sidon to be chosen the official capital of the military governor. It will be linked with roads leading to military bases and airports along both banks of the Awali River from the north. This essentially requires that the Sidon bridge be widened and that an observer force be set up behind the electrified barrier.

UN observers affirm that the area is being gradually Judaized. The Unified Council of the South is the body that controls public affairs there, and it is the alternative executive authority. In the next few months new measures may be adopted requiring travel back and forth between south Lebanon and Beirut to stop under the pretext of controlling security. All this will be done to force citizens to turn to Israel and establish solid trade relations with it; this will strengthen the open-door plan and enhance the intergradation of economic and social ties.

As far as Syria is concerned, its declared position on the withdrawal became unequivocal. That position could have been changed had Shultz seriously examined a solution to the Lebanese problem in the context of a comprehensive solution to the problem of the occupation of the Golan and a solution to the Palestinian question. Syria could have changed its position had Washington succeeded in applying pressure on Israel and forced it to stop construction of settlements on the West Bank and withdraw from Lebanon. This would have given concerned Arab countries, such as Saudi Arabia, Algeria and Tunisia, grounds for negotiating with Damascus on this matter.



If it seems difficult to bring about change through the mediation of countries, it would be impossible to bring about such change through the mediation of individuals. This is according to the information of the Lebanese state. The new U.S. mediator, Robert Macfarlane, is a former assistant to Henry Kissinger when [the latter] served on the National Security Council. Macfarlane served as Kissinger's military adviser from 1973 to 1975. That is, he was working with Kissinger during that period when Kissinger decided to partition Cyprus and to destroy the Lebanese formula. He is most certainly one of the proponents of that theory. All his efforts will now be made in the context of the plan that his mentor, Kissinger had announced immediately after the war in Lebanon. This announcement was reported by THE HERALD TRIBUNE and by THE WASHINGTON POST. The plan calls for a return to a small Lebanon based on the fact that the formula of a greater Lebanon was "large and cumbersome for the resources of the central government." [Kissinger] therefore called on Lebanon's two neighbors, Syria and Israel, to sieze south Lebanon, al-Biqa' [Valley] and north Lebanon, claiming that that would be the ideal solution to the complex Lebanese problem.

Israel's minister of defense, Arens, the former ambassador to Washington, had published several articles in THE WALL STREET JOURNAL. The first of these articles appeared on 11 June 1982, that is, days after Israel's invasion of Lebanon. In that article Arens said bluntly that Israel would not withdraw from south Lebanon and that the fact that Syria is staying in north Lebanon and in al-Biqa' must not be troublesome to Israel.

When the Palestinian Resistance left Beirut, Israel's minister of foreign affairs, Shamir was asked about the ideal location for the Resistance. Shamir replied, "Al-Biqa' Valley is a spacious place; it can accommodate the refugees and provide them with housing."

It is these people who are being called upon today to find a solution to the Lebanese question: Defense Minister Arens, who is trying to apply Kissinger's theory from [his] position of responsibility; Foreign Minister Shamir who is promoting a process of turning al-Biqa' Valley into a separate entity for the Palestinians; the new mediator who had helped his mentor in 1975 drive the first wedge into the foundations of the Lebanese formula; and Henry Kissinger himself who is now in the White House again helping Reagan pull himself out of the quicksand in the countries of Central America. Kissinger had visited Israel recently to encourage Begin not to withdraw from Lebanon. [Kissinger went to Israel] when he sensed that the pressure applied by Washington on Israel could alter the nature of the plan he had proposed and promoted through his own private means.

This means that those in the U.S. administration--previously and subsequently--who are trying to bring about the partitioning of Lebanon, as well as officials in countries that stand to benefit from it, believe that this partition will ensure the shares of all those who are involved and all those who have been wronged in the Middle East crisis. Since Lebanese citizens have been obstinately resisting this destiny that is being imposed on them, and since they continue to hold on to the principles of unity, the countries that have been conspiring against Lebanon did not consider the past 8 years long enough to destroy the cohesiveness of the country and upset its being. There is a prevailing belief in major capitals [of the world] that psychological conditions are now ripe for partitioning Lebanon and that the battles that will break out this summer--and these battles may last till the end of November or till the date of Israel's withdrawal

from al-Shuf area--will be tantamount to a bullet fired to carry out the merciful execution of greater Lebanon's unity.

An American correspondent writing about the battles he had seen in Mount Lebanon, about the victims of those battles, the mangled bodies and the destroyed houses in the capital said, "The American Civil War may be considered a picnic compared to the civil war in Lebanon, which is being fought with the most modern means of killing and destruction. However, the United States would not have become united if its civil war had been fought during the age of television, radio and photographs transmitted by satellites."

With these words the correspondent wanted to convey the deep scars that were left by the war in Lebanon. He was questioning the possibility that the central government might be able to wipe out the psychology of vengeance and unite those whom the war had divided under a slogan of unity, fraternity and repudiation of hatreds.

Regarding this matter Prime Minister Sa'ib Salam is saying that Lebanese citizens are now trying to enter into a phase of unity based on the fact that what they experienced during the past 8 years was the product of psychological divisiveness and the breakup of society into small groups.

Diplomatic sources in Beirut are reported to have said that weapons shipments, which had stopped for almost 1 whole year, have now reappeared. There is an abundance of these weapons on board ships that unload their cargo along the coast as though these weapons were valuable gifts from an unknown patron who is contributing them to those who need them for the purpose of resuming the war of annihilation that does not cease or let up.

UN observers admit that sacks of flour, rice, sugar and supplies used to contain light weapons such as machine guns, pistols and hand grenades. Rockets and missiles were carried by mules on rugged mountain roads just as they were during the Spanish war in the thirties. Ernest Hemingway, Andre Malraux and scores of writers and correspondents wrote about the ugliness and violence of that war. They had gone to Spain from the four corners of the world to witness the first war that was being fought by intermediaries. This is because Hitler's Germans, Italian royalists, Mussolini's Italians, and Stalin's Russians, in addition to various European parties and conservative and rebellious forces, made contributions to that war and took part in it. It's been said that the outcome of the war affected the future of the European Continent and the entire western world.

Had the Spanish War ended in victory for Franco's opponents, France and Italy would have definitely become socialist countries; World War II would not have broken out; and the allies would not have fought a war against Nazism and Fascism.

Observers think that revised versions of the Spanish War will finish their 8th year next spring. These consist of the war of international interests, ideological clashes, colonialist attacks, oil monopolies and the Oriental problem. All these [versions of the Spanish War] are being fought on Lebanese territory. Just as Andalusia was chosen to be the ideal location for trying out weapons and testing systems, the most beautiful country in the East was chosen for the same purpose. But there is one difference: it is impossible for a Lebanese Franco to

emerge here because the conflicts are profound. It is [also] impossible to settle the situation by means of the army because of incongruous and conflicting loyalties.

Because present diplomatic attempts are floundering, the involvement of Lebanese citizens in the chaos and violence is expected to increase. It's as though the armies of 20 countries were not enough to deal with the crisis and spread the influence of law.

Or it were as though 370 books did not provide an adequate record of the most curious wars that were fought by intermediaries in the second half of the 20th Century, drawing the leaders of Lebanon into the game of the superpowers in a manner that makes them lose sight of the principles of unity and everything Lebanon has been based on for 60 years.

The interest which the superpowers demonstrated in the future of Lebanon from 1840 to 1860 was tied to a collective belief that this small country was the most important chapter of the Oriental problem. Therefore, all the superpowers interfered [in Lebanon's affairs], and they announced they would take part in establishing a new government and an official system that was known in 1961 as a system of provincial (feudal) powers. The matter of unforeseen protection was distributed exactly as it is being distributed today by means of the peace-keeping force in the south and the multi-national force in the capital. More than half a century went by during which the influence of Beirut grew and its authority gradually spread. Beirut attracted remote parties; it brought together independent regions; and it usurped from the feudal overlords their responsibilities. This was the role that everyone had imagined for Beirut after the election of Amin al-Jumayyil [president]. Recent events, however, have caused many people to lose hope that the republic will survive, particularly after it was noticed that the destruction of Greater Lebanon had begun and the country was shrinking and returning gradually to the age of provincial (feudal) powers. This was plain on the borders of Tripoli and the areas north of it; in Sidon and the areas south of it; and in the eastern al-Biqa' Valley. All these areas are almost independent of the central power of the state. Their affairs may be getting farther and farther away from those of the republic unless the president finds out how to regain the authority of the state and how to restore a sense of belonging and a sense of loyalty [to citizens]. This is a difficult task that requires replacing the government of al-Wazzan with a government of politicians whose participation in serious decisions would be more responsive and would attract more support. This also requires that the army be charged with the most dangerous and the most sensitive of missions, particularly in Mount Lebanon and in Beirut where sectarian strife is feeding on the mistakes of the state and is rebounding to strike at the unity, the sternness and cohesiveness of the army.

Minister of foreign affairs and defense, Fu'ad Butrus had always disagreed with political leaders about the mission of the Lebanese army and its ability to settle difficult situations, as was the case in Turkey, Greece, Syria or Iraq. The minister said that he had once asked Prime Minister Fu'ad Shihab an embarrassing question about the army and the danger of the army breaking up if leaders order it to go out and discipline disputing parties in a crisis similar to that of 1958. The prime minister thought for a long time [before] answering and then said, "Every delay in making a political decision will not be in the interests of

the army. The longest period that should be given to settle a matter [such as this] is 1 week. Otherwise, the army will be influenced by conditions in its region, by the concerns of its climate and by the directions of its leaders.

This is what actually happened with the army [whose birth] was aborted by the war. The army was broken up by the war into a set of militias. This is what may happen to the nucleus of the new army whose organization has been based on the principle that this is the army of the people and not that of princes and leaders. It is the army of the country and not the army of the regime. Based on these premises officials insist on using the army to preserve security in al-Shuf and in Beirut. The army may [also] be used in al-Biqa', in the north and in the south if it succeeds in its mission. U.S. military trainers, however, doubt that the army will be able to settle the situation and are asking for 6 more months to build up its combat capability. A U.S. military trainer compared the Lebanese army to Swiss cheese: firm and sharp but full of holes.

No matter how independent opinions will differ about the mission of the army, the prevailing belief in official circles indicates that there is a need for a political treatment of the situation before military decisions are made. This is because a military decision is usually compared to an escalator: it is very easy to go up on an escalator, but it is difficult to go down.

It is thus being said that the security problem which the army may solve will generate serious problems that will be impossible to solve, particularly since mobilizing the army to discipline insurgents may not justify its actions if the army does nothing about the occupation of the country by foreign troops.

What applies to small matters usually applies to major issues. Military leaders have learned a useful lesson during this century. The gist of that lesson is that military victories do not necessarily guarantee political solutions. It is for this reason that the French withdrew from Algeria and the Americans left Vietnam. And after 30 years of wars and military victories Israel failed to impose its military solutions on the region.

Upon his return from the United States President al-Jumayyil will be facing different military and political challenges. These are serious challenges that suddenly thrust events into a new turning point reminiscent of the highlights in the lengthy Lebanese war, such as the coup of 'Aziz al-Ahdab in 1976; the entry into Lebanon of Syrian troops in 1976; the mandate of the UN peacekeeping force in south Lebanon in 1978; and the death of President Bashir al-Jumayyil in 1982.

Correspondents described these events as the highlights of a new stage at a time when it appeared to people that the crisis was over.

What happened recently indicates quite plainly that the crisis has reached an impasse. The outcome of the crisis is expected to be similar to the outcome of the 1958 events. Somewhere in the Arab world there will be a major landing of troops that will be carried out in the name of protecting the Gulf from its principal gateway in Lebanon.



BUSINESS LEADERS DISCUSS CURRENT ECONOMIC RECESSION

Beirut AL-IQTISAD WA AL-A'MAL in Arabic No 50, Jul 83 pp 25-31

[Article: "Economic Recession in Lebanon"]

[Text] Reasons for the recession: war; export difficulties; recession in the Gulf and in the world; smuggling; administrative obstacles; waiting; and the interest charged by banks. Proposed solutions: ensuring and subsidizing exports; expanding export markets; and getting reconstruction and housing projects underway.

During the years of the war Lebanon's economy became well-known for its flexibility and its astounding resiliency. But has Lebanon's economy lost its ability to rebound? Has it consequently gone into a new and a serious phase? Is Lebanon now standing at a dangerous and a precarious crossroads?

Available indicators, particularly those about export activity, capital and domestic loans, are not reassuring. These indicators are tantamount to disturbing signs of warning about the depth of the recession the country has gone into since late 1982. It is a recession that is becoming more acute every month. Economists fear that if this situation were to continue, even for a few months, and if the political situation were to remain unclear, an acute socio-economic crisis will ensue. In view of the pressing situation, Lebanese authorities proclaimed what may be considered "a state of economic emergency." With the participation of economic organizations they mobilized their energies in an attempt to derive quick and beneficial solutions to that emergency and, at the same time, to think about longer-term solutions to it. These attempts were based on [the assumption] that the present situation, which is behind the sharp recession, may last a long time.

In the context of existing efforts that are being made in more than one area to understand the nature of the existing crisis and to counteract it, AL-IQTISAD WA AL-A'MAL held a panel discussion in its offices in which [the following officials] participated: Minister of Finance, Engineer 'Adil Hamiyah; president of the National Council for Foreign Economic Affairs, Sami Marun; former minister of finance and president of the Lebanese-French Bank, Farid Rufayil; president of the Society of Lebanese Industrialists, Fu'ad Abu Salih; president of the Society of Beirut Merchants, Victor Qasir; and the secretary general of the Society of Lebanese Industrialists, Najib al-Khatib. The panel discussion was



moderated by our colleague Ra'uf Abu Zaki. The discussion concentrated on determining the reasons and the dimensions for the current recession and the possible solutions that may be used to overcome it or at least to contain its negative effects.

Basic premises were laid out in the course of the presentation; all together they constituted what may be considered the state's plan for dealing with the recession on both a short-term and a long-term basis. [The following measures] are among the most salient components of this plan: ensuring and subsidizing exports; expanding the export market; making an effort to reduce energy costs; and simplifying administrative measures that were the subject of complaints from organization leaders.

An account of the panel discussion [follows]:

AL-IQTISAD WA AL-A'MAL: The Lebanese economy is in a state of recession, and aspects of that recession are beginning to show on Lebanon's various economic sectors. Before we begin identifying a remedy, we must pause and think about the reasons for this recession. These are undoubtedly numerous: some of them have been around for some time; and some of them have been unexpected and current.

Minister Hamiyah: First of all there is a state of recession worldwide, and part of that recession is undoubtedly affecting us. However, there are numerous reasons for the recession in Lebanon. The most important of these may be the past years of the war and the deteriorating security situation, particularly in Mount Lebanon. It is worth noting that the fact that the government is located in Beirut has not helped much. Quite the contrary, that fact helped stop the smuggling which, despite its negative effects, constituted an economic activity.

Conditions of the export markets were also affected. I believe that consumption in those markets dropped significantly.

Abu Salih: The fact that the state rebounded quickly and enforced the laws, particularly the action it took to compel organizations to make payments on their obligations, had a far-reaching effect on these organizations which continued to spend despite the fact that the problems of the war years have been accumulating, despite the low rate of employment, and despite the fact that many people emigrated. These organizations continued to spend, hoping that problems would be solved and matters would be restored to their rightful place. However, the solution was not comprehensive, and questions about the security situation persisted. All economic conditions were thus brought to a standstill. But it is not enough to list the reasons [for this situation]. [This discussion] must be governed by a concern for achieving a real remedy.

There are reasons [for this situation] which have been accumulating over the past years, such as a decline in investments, [for example]. But there is no quick remedy for this situation. It remains to be said that there are immediate reasons for this situation, and these can be remedied.

AL-IQTISAD WA AL-A'MAL: It is essential to define these immediate reasons so that immediate and urgent solutions can be found for them.

Abu Salih: During the past months before the illegal ports were closed, there was a surge in imports, and that caused supplies to accumulate. This accumulation of supplies was accompanied by a decline in consumption because merchants in Beirut were blocked out of a large part of the market. Beirut's merchants represent about 80 percent of Lebanon's merchants. Then we got basic competition from Israel, and controls were relaxed at some of the ports. All this led to a sudden deflation. That, however, was not the principal reason [for the recession] which has been growing every month for a period of 8 years.

Then after we became accustomed to chaos for a long period of time, the state asked us to pay our obligations all at once. It is worth noting that there have been sharp increases in all these obligations; [this includes] charges for electricity, municipal fees, port fees and social security.

Rufayil: I agree with the reasons that were mentioned. I would add that among businessmen in Lebanon decision-makers came to a standstill after the summer of 1982 because they knew they were about to experience significant changes in Lebanon's economic structure. As an example, I mention the surge in construction in the suburbs of Beirut. This surge in construction was accompanied by a relaxation and an easing of controls. But the construction stopped because those who had made decisions about construction did not know what the outcome will be; they did not know whether or not they should complete their projects. It is normal for the market not to bounce back quickly after having come to that standstill.

This situation was also induced by the political factor; by the change in the rate of exchange of the Lebanese pound in relation to foreign currencies; by the rise in the interest rate; and finally by the state of anticipation in the market and the expectation of some political decisions.

#### The Effect of Recession in the Gulf

Marun: The decline of productivity is an old matter. It began with security disturbances, and it peaked after the destruction of many industrial and agricultural establishments and after the emigration of many specialized workers and groups of managers and investors.

But there are also outside reasons [for the situation we have here], most notably the recession that the Gulf states are facing. The Gulf Council of Cooperation devised methods for dealing with that recession: it relaxed significant restrictions for Gulf commodities, granting them customs assistance and considering the Gulf markets semi-domestic markets, without taking into account the countries that used to rely on those markets to sell their products. For example, Lebanese industry used to get a 25 percent reduction in customs fees in the Saudi market.

The crisis of the Gulf was also reflected on the incomes of Lebanese citizens working there. Those Lebanese citizens used to remit cash to Lebanon.

AL-IQTISAD WA AL-A'MAL: But the measures taken by the Gulf Cooperation Council in this regard were not the factors that had primary influence [on this crisis]. The deeper and more far-reaching influence was due to a decline in government spending in those countries because of the decline in oil returns. Lebanese goods continued to have a competitive edge, even though customs fees on Gulf products were abolished.

Marun: The case of local soap factories would give us an idea of the effect the Gulf Cooperation Council has had [on this situation]. Although these factories produce an article for daily consumption, that article is no longer being exported because soap factories have been established in Kuwait. These factories export soap to all the markets of the Gulf, and they do so without paying any fees.

AL-IQTISAD WA AL-A'MAL: This is a fundamental subject. During the years of the war the effects of the security situation were not evident because of the surge that existed in the Gulf. Now, however, the situation is different because the recession in Lebanon occurred at the same time that the recession in the Gulf did.

Rufayil: Then the crises were set off at the same time, not only from the Gulf, but also from Europe and the United States, because of the world recession.

AL-IQTISAD WA AL-A'MAL: However, the problem of Lebanese goods does not lie in competition only. The problem also lies in the fact that at the present time the availability of these goods to Arab markets is due to political and non-political considerations.

Marun: We must admit that Lebanon went through a golden period during which its export markets were like domestic markets because of the protection Lebanese goods enjoyed in these markets. In fact, this protection sometimes went beyond what these goods had in local markets. Therefore, Lebanon's industry and agriculture turned to these markets. Now, however, Lebanese products [can be marketed] in the countries of Europe's Common Market without paying any customs fees, with the exception of a few goods, of course. So far, no one has benefited from these markets. The reason for that may be the fact that competition is very stiff in Europe, but it is almost non-existent in the markets of the Gulf.

Minister Hamiyah: Were Lebanese products marketed in Arab markets because there was no competition there, or was it because there was no demand for good quality products?

Marun: There is a demand for good quality products in every market. The difference, however, is that goods are produced locally in Europe, but there was no production in the Arab countries.

What matters is that we are supposed to market our products in those markets that would pay the best price for our products, but the mistake that was made was that Lebanon put all its eggs in one basket.

#### No Alternative to Arab Markets

We are not looking for alternative markets, because there is no alternative to Arab markets. But it is essential that we open new markets, and it is absolutely essential that we diversify export markets to avoid becoming the victim of a crisis in a specific market.

Abu Salih: We were competing with worldwide products in Arab markets and not with Arab products. We used to win [prizes] for the good quality of our products in all the fairs that were held. But our problem has always been that of high cost

despite the advantages we've had in Arab markets, particularly the advantage of the speed with which we can communicate with those markets. We were also accustomed to those markets. It is for this reason that we did not market our products in African markets, even though it is possible for us to sell our goods there. This is because we were not accustomed to those markets. We did not benefit from the markets in Europe because the war started when agreements were reached with European countries and before we were able to adjust to European markets.

Al-Khatib: We are doing something about the recession which has not been significantly affected by industrial exports. In 1974 industrial production generated about 13 percent of the national revenue. Now it constitutes six or seven percent, with 10 percent of our industrial production being exported. What then is the effect of industrial exports on Lebanon's balance of trade?

Let me go back and say that what we are examining here is a recession crisis. This essentially means that we compare the recession with a former [state of] prosperity or with normal conditions. We used to have prosperity even in the worst days of the war. What was the reason for that?

Domestic national revenues were low and foreign revenues were high. Lebanese citizens used to spend about 5 billion Lebanese pounds on consumer goods. Lebanese citizens either spent money extravagantly, or they deposited the money in banks. Today, however, the government is claiming its share of these funds.

The state's budget in relation to national revenues should have been 5 or 6 billion Lebanese pounds if we consider that the national income was 18 billion and the budget was between 25 and 30 percent of that. The state lost its basic infrastructure: roads, schools, hospitals and communications. To put it briefly, what we had was artificial prosperity; today, we have a real deflation.

Marun: Industrial exports may not have a major effect on the deficit in the balance of payments. However, because they are tangible, industrial commodities allow for studies to be made to determine the reasons for the crisis. Studies on the trade and services sectors, however, are difficult to make because those are non-tangible sectors. Therefore, we may study the material world of industry, and then make generalizations about and formulate solutions for the various sectors.

Al-Khatib: I do not mean to minimize the importance of industrial exports, but the effect industrial exports have had on the recession is less than the effect the remaining reasons have had on it. As far as exports during the year of the war are concerned, I would like to explain that we used to receive parts to assemble from illegal ports, at low prices, via the least expensive sea route in the world. We used to assemble these parts for re-exporting them. But it was not national industry that accounted for this volume of exports. Our export figures are strange. It was quite astonishing that while the sectors of production and establishments were being destroyed one right after the other, exports were growing.

Abu Salih: But if we were to compare the volume of exports with imports, the illusion would vanish. Despite the decline in the balance of trade, the ratio of exports to imports, remained the same or increased slightly.



But the danger was that instead of relying on a stable national economy, we were depending on funds coming from abroad, and we did not put these funds to good use. Instead, we spent them on imported consumer goods. The problem began when these funds began to dry up.

Qasir: First of all we must speak of what principal government figures, particularly the president of the country, are doing to remedy political, security and economic conditions [in the country]. But there is something that all of us are ignoring. We are ignoring the fact that Beirut was at the center of all activity. When trade stopped in Beirut, everything else stopped, and all the other sectors were affected.

I will get to the reasons [for all this]. These are primarily related to security, and we do not have the power to correct them. There are also other reasons. It is being said that large inventories and reduced consumption affected the recession. I do not subscribe to that opinion because there is a shortage in some goods. In fact, these goods will disappear from the market, and in spite of that, no one even wants to import them. Goods smuggled through illegal ports still reach the markets of Beirut. Accordingly, there is illegitimate competition because the fees we pay in Beirut are exorbitant: between 40 and 60 percent. This makes our goods more expensive than any others.

Briefly, there is a security problem and, because of the smuggled goods, there is a problem of inequality in paying fees.

#### Administrative Obstacles

Abu Salih: It is essential to mention the administrative obstacles that magnify the crisis. I would mention, for example, the measures that are being taken for political and security reasons, but these measures are paralyzing the economic sectors. The question of entry visas and the difficulty of obtaining them, even for businessmen who represent major corporations, led in some cases to the absolute paralysis of some organizations. The question of exporters having to obtain a certificate of no outstanding debts created a problem which we tried to correct by all means.

A certain organization or ministry may take some of these measures without taking into account the interests of the economy. The publishing sector in Lebanon, for example, was greatly affected after being one of the most active in the Arab world. This problem has to be solved, and the soundness of the political and security situation, which we are very concerned about, has to be preserved. I see no difficulty in finding a partial solution [to this situation] that takes into account the interests of the economy and the interests of security at the same time.

Marun: This is a problem we are aware of and we are trying to correct. But we must mention that a new ingredient has been introduced into the Lebanese economy. It is that of inflation and high prices and accordingly, high production costs.

Qasir: I would like to add another reason: the high rate of interest. Today, in particular, we found out that one bank paid 12 percent interest on deposits. The bank earns 17 percent or more on the money it lends.



Rufayil: The interest rate is the result of what happens in the market: it is the result of the policy of the Ministry of Finance and the Bank of Lebanon. Let me re-emphasize that the decline in productivity was caused by high costs, as Mr Marun mentioned.

Minister Hamiyah: The banking sector is responsible for the interest rate. Can the interest rate be reduced?

Rufayil: Of course it can be reduced, but there must be coordination between the banks and the Central Bank.

Marun: The Banking Administration may require a reduction in the interest rate. This requires assistance and intervention from the state.

Why Isn't the Interest Rate Reduced?

Minister Hamiyah: We are trying to reduce the interest rate. We reduced the interest rate on treasury bonds to nine percent. Did banks reduce the interest rate?

Rufayil: The interest rate on treasury bonds is 9 percent for 3 months and 10 and 3/4 percent for 1 year. This difference is tantamount to a suggestion imparted by the state to banks that the interest rate is rising. It is this that encourages banks to pay a high rate of interest on deposits because they can invest the surplus without incurring any loss.

Minister Hamiyah: We are thinking of increasing the term of the loans to a term between 3 months and 1 year so we could find out how banks will react. We tried to reduce the interest rate on short-term treasury bonds to encourage banks to lend money in the market. But despite all the incentives we are offering, the nature of a banker was such that he continued to prefer investing in short-term loans so he could continue to have cash at his disposal.

Rufayil: We must not forget that high interest rates abroad and the effect these high interest rates had on the rate of exchange of the Lebanese pound made depositors prefer short-term investments, because these do not expose them to the dangers of changes in the interest rate and in the rate of exchange. Banks pursued a policy that reflected the conduct of depositors. The difference in the interest rate on short-term and long-term treasury bonds encouraged banks to make 1-year investments, but it was also an incentive to keep the interest rate high.

Minister Hamiyah: But why did banks continue to contribute more to short-term treasury bonds than to 1-year bonds?

Rufayil: It is the difference between the interest earned on 1-year treasury bonds--which is 10 and 3/4 percent--and the interest earned on lending money to the private sector for the same period--13 percent plus 1 or 2 percent per thousand. That remains the principal incentive for banks to invest in the private sector.

Investments in both cases are constant, but the three or four percent difference is why the private sector is chosen, particularly since treasury bonds are still blocked and cannot be traded quickly.

Amr Salih: At the present time, however, banks are competing with each other to pad their budgets. When banks start out with basic losses, I believe they will have to revoke their policy. Why doesn't the Central Bank change its policy and make an effort to reduce the interest rate? When Mr Rufayil talks about a 13 percent interest rate, he is undoubtedly talking about a special case that he may apply at his bank. But let me emphasize that the other cases, which are quite numerous, are cases where the interest rate exceeds 16 percent.

What Is the Way Out?

AL-IQTISAD WA AL-A'MAL: Now that we've listed and set forth in detail the reasons for the recession, we must look for the possible ways to set the wheels of the economy in motion, to get out of the recession and to set out once again on the road to prosperity.

Rufayil: We must admit that conditions are difficult and unfavorable. The worldwide recession is casting its shadow on our problems; there is an acute crisis in the region; and the domestic situation is full of problems. We are now going through a crisis, and conditions have not changed. The question that is being raised is this: what does the state think are the means for remedying the crisis?

Minister Hamiyah: The state feels the effect of the recession. It knows that under these conditions the private sector can neither take risks, nor is it prepared to put capital to work. Therefore, the state will perform both its role as well as that of the private sector. It will carry out projects; perhaps the most important of these projects is that of the reconstruction plan, which has been begun and whose implementation will be expanded. We all know that financing for that plan depended basically on grants, easy-term loans, bilateral agreements and finally on the private sector. But because of the recession and to avoid a lengthy waiting period, the state decided to go ahead [with the plan], relying on funds borrowed from the Bank of Lebanon. The state's action, despite the risk involved to the status of the Lebanese pound, was like that of someone cutting off a pound of live flesh.

In addition to the reconstruction plan, the state will carry out projects with the private sector. The most notable of these plans is the housing plan that is currently being considered on the highest levels. The housing plan is one of those plans which the private sector would do good to get involved in. Therefore, the state decided to give the private sector the flexibility to implement the plan while it would play the part of legislator and financial patron.

Marun: We are now trying to open new markets. In this regard we are relying on the public sector's ability to purchase equipment from foreign countries with which trading is possible.

But what is more important is to improve productivity. This presumes that the conditions of each sector be studied separately because the problem of productivity in the agricultural sector is different from that in the industrial sector.

In the agricultural sector it is possible to produce agricultural commodities other than those that are being produced at the present time. These can be marketed more easily. It is also essential to modernize the means of production by automation.

In the industrial sector it is essential that attention be given to the process of retooling. This is a process that is linked directly to the interest rate and to financing methods. Retooling can be done by means of easy term loans. We are not forgetting the influence of the political factor and the future of Lebanon, particularly the future of industrial zones. Also the high cost of production is a basic factor that is linked to productivity and has to be corrected with it.

There are also trade agreements with foreign countries to make exporting easier. There is in particular the agreement with the European Common Market.

One basic thing that has to do with the services sector remains to be said : new statutes have been completed whose aim is to create non-resident, (offshore) industrial and commercial firms.

Al-Khatib: It is being said that the automobile was the moving force behind the U.S. economy during the first part of this century, whereas information is its moving force in the second half. We have to find one or several moving forces for the Lebanese economy. I believe the private sector will not be able to play this role. What is required is an active role for the public sector: the state has to provide incentives for the private sector.

Construction is a very important process, but it is not enough. This is because stones are laid in the ground where they remain inactive. And when the stage of construction comes to an end, the state of inertia returns as it did in the Gulf states. During the surge we used to say that the Gulf economy was based on one pillar: construction. Construction came to an end, and the wheels of the economy ground to a halt. Despite the importance of construction, the factor that is more important is that of setting the sectors of production in motion.

Al-JOTISAD WA AL-A'MAL: The major challenge we are facing today is that of setting the wheels of the economy in motion. Despite existing political and security conditions there are immediate matters that must be taken care of.

#### Subsidizing and Ensuring Exports:

Maroun: Let me repeat that the state is aware of these crises. I will get ahead of myself here and talk about subjects that are presently being considered. The most important of these subjects is a plan, which is being seriously considered, to subsidize exports. Export subsidies would be much better than loans to producers. But this subsidy must be directed toward commodities that comprise value added.

At the present time we are also considering with the minister of finance a plan to ensure exports and the importance of preserving some of our traditional markets, like Iraq, for example. The state bears a major responsibility here. I believe we will be able to offer these services in a few months.

Rufayil: A few months would be considered a long time because the situation is pressing and these services are urgently needed. I welcome and praise this plan, and I would like to mention that many producers have contracts with foreign countries, and they come to us asking for financing, but we turn them down because

we cannot offer them financing. They await guarantees so they can get out of their dilemma.

Marun: I said a few months in order not to say a few weeks. What matters is that the plan is being considered and that it will be carried out either by creating a public organization specializing in insuring exports or by using the existing organization, which is the Investments Insurance Organization, after it is developed.

AL-IQTISAD WA AL-A'MAL: The problem of dealing with the markets, especially principal markets, remains an important problem, particularly since we can exercise more control over foreign markets than over our domestic markets under existing political and security conditions. For example, the Saudi Arabian market was and still is the most important market despite the recession. And there is Iraq.

Marun: Despite the importance of foreign trade for Lebanon, we had no economic missions abroad. Therefore, the state decided to send 22 economic missions to the principal markets. From now and until the proceedings of this panel discussion are published, a decision will have been made with the minister of foreign affairs to consolidate these activities with those of the Ministry of Foreign Affairs and to have Lebanese negotiators of economic affairs join forces. It is in the hands of all those negotiators that matters pertaining to funds, imports, exports and services are placed.

Al-Khatib: But will there be comparable negotiators who will function as liaisons with producers? It is presumed that selling goods at prices higher than world prices would be impossible. It is also presumed that we cannot sell something we do not produce.

Marun: There is coordination; it is being done by the authorized ministers.

AL-IQTISAD WA AL-A'MAL: There are bottlenecks, and producers are being forced to sell even at cost. This requires that there be an immediate and an urgent remedy.

Minister Hamiyah: We will not wait for a public policy and a comprehensive solution. But an immediate remedy would come about by examining every problem when it happens. Yesterday, egg exporters had a problem, and it was dealt with immediately.

Marun: To support this view the problem of egg exporters was quickly corrected yesterday. On the basis of unequivocal figures we found that the problem appeared in 500,000 to 600,000 crates of eggs that are exported annually at a cost of 3 dollars a crate. To go along with the market farmers had to sell the eggs for 14 dollars a crate. A quantity of eggs was sold to Kuwait on that basis. Then as a result of certain conditions, prices fell to 18 or 19 dollars a crate, particularly because of Turkey's subsidy for egg prices. It was thus decided that exported eggs would be subsidized at 5 dollars a crate to solve the problem. This did not cost us more than 2.5 million dollars. The problem of apples can be solved in the same manner, instead of giving farmers long-term loans. This solution is common in all the countries of the world and in very developed markets.

AL-IQTISAD WA AL-A'MAL: But to what extent can the state use subsidies to remedy existing problems?

Rufayil: I have always had reservations about the subsidy policy. But at the present time I find the state is compelled to help some sectors overcome this crisis. This is one of the remedies. In addition, the state is to assume the initiative on projects that set the economy in motion. But I want to add two important factors: the first is to reduce the interest rate and the second is to make financing promptly available to the sectors of production at low rates of interest. This is because organizations draw future bills of exchange. The simplest thing that can be done is to help these organizations with low interest rates.

Abu Salih: One may not talk about incurring a future debt. It would be proper though, to create national wealth for the future with these easy-term loans.

Rufayil: There must be no confusion between the assistance that was determined in the Council of Ministers to furnish equipment to industry with easy terms and the statement that there are organizations that are losing money and the state cannot help them. Therefore, they are to be replaced, and the cost of their loss defrayed.

Abu Salih: It is not realistic to bear the expense of a loss. But it must be said that organizations are to be given assistance so they can shift from incurring losses to making profits. This must be the principal objective of easy term loans to industrialists.

AL-IQTISAD WA AL-A'MAL: There is the problem of energy that increases the cost of industrial production. This applies particularly to construction materials. Is there a solution to that problem?

Marun: We are aware of the energy problem, and we are trying to correct it with customs. Fuel is now sold at cost, but costs are high. For example, fuel is sold from fuel trucks that run on gasoline, and this raises costs. What would be more feasible in this regard is to transport the fuel to those locations where it is consumed via a pipeline. Besides, there is the subject of financing energy. Using coal saves about 50 percent of the costs that are incurred when fuel (oil) is used. There is a general trend in the countries of the world to use coal. Today, energy sources are also being diversified to reduce the danger of depending on one source of energy. I think it is necessary for us to turn to coal so that we would not have an energy problem such as that which we had with exports regarding depending on one source.

Then there is solar energy. We must follow the lead of many advanced countries which issued decrees requiring every new building to have a solar heater to provide hot water.

Al-Khatib: The foregoing discussion indicates that the state has a major burden it has to assume. And here I would address a question to the minister of finance. Is the state prepared to assume that responsibility, and what are the effects of the state assuming that responsibility on the status of the Lebanese pound?

Minister Hamiyah: It would be more proper to begin by considering our capabilities. We can then consider how the subsidies can be provided to sectors that need such protection.



Abu Salih: The question goes beyond subsidies to the subject of expediting and setting in motion the active forces in the country. The country is in a recession that is feeding on itself, and the solution lies in setting production in motion by doing as much as possible to purchase nationally produced goods, setting action on housing and channeling national savings into production instead of depositing those savings in the Central Bank or in treasury bonds.

Let me put emphasis on the projects that were mentioned by Mr Marun. They are an essential part of the process of protecting production and providing the economic situation with a dynamic quality that is based on principles of production.

#### Indicators of the Crisis

Although the Lebanese economy has been experiencing a certain crisis since 1975 as a result of the accumulated consequences of the war, the current crisis of the recession is unprecedented. This recession is especially significant because it reflects now the fact that all the [economic] outlets which Lebanon was able to find during the period of war have been blocked. It was these outlets that enabled Lebanon to maintain a minimum measure of turnover in the economy. The most important [economic] outlets that are being threatened now are domestic trade, exports and the remittances of capital and cash from Lebanese citizens abroad.

#### The Decline of Exports

Lebanese exports declined according to the statistics of Beirut's Chamber of Commerce and Industry. During the first part of 1983 total exports did not exceed 462 million Lebanese pounds compared to 1.014 billion during the same period of 1982. This is a decline of over 54 percent. The decline continued in April: exports amounted to 185 million Lebanese pounds, compared with 315 million in April of 1982. What is to be noticed here is the major decline in exports to Iraq, a market that used to absorb about 25 percent of Lebanon's total exports.

#### The Balance of Payments

The appearance of a deficit in Lebanon's balance of payments during the first part of 1983 amounted to about 250 million dollars--close to 1.075 billion Lebanese pounds. It is known that Lebanon's balance of payments usually reaches its lowest levels during the following months [of the year] and during summer. It seems that there was a relative improvement in this balance last April. However, this does not rule out the fact that a deficit has emerged.

#### Imports Decline

During the first 5 months of 1983 Lebanon's imports--those that went through customs--amounted to about 597 million Lebanese pounds, compared with about 191 million pounds during the same period of 1982. However, this increase does not reflect an increase in imports, but rather an increase in the state's ability to collect fees after illegal ports were shut down. Actually, Lebanon's imports declined by 7.6 percent during the first half of June, compared with the first half of May.

Channels of distribution inside the country were blocked because the country has been torn apart and because transportation between Beirut and various ports of Lebanon became difficult.

#### Supplies Are Piling Up

Among the aspects of the crisis in the domestic market is the fact that the inventories of commercial and industrial companies are piling up. These inventories have reached unprecedented levels, and this is accompanied by rising costs.

In banking, there was a comparable slow down of demand on borrowing. Statistics indicate that there was no growth to speak of in credit extended by commercial banks in Lebanon. During the first 4 months of this year credit grew by 2.9 percent--an annual rate of no more than 8.7 percent. During a comparable period in 1982 the increase was about 3.4 percent--an annual rate of 10.2 percent.

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## BRIEFS

**NEW INSURANCE COMPANIES LICENSED**--Seven insurance companies have been awarded licenses recently to operate in Lebanon. These companies are capitalised at between LL 10 and LL 25 million each. The rush on insurance company licenses is attributed to expectations that a new revised law for insurance companies will be issued soon and will impose restrictions in the form of formation requirements. Collected insurance premiums have averaged at around LL 200 million in recent years and are expected to reach as much as LL 3 billion should security prevail. [Text] [Beirut THE ARAB WORLD WEEKLY in English No 684, 6 Aug 83 p 13]

**INDUSTRIAL DATA BANK SEEN**--The head of the National Council for Foreign Economic Relations Mr. Sami Marun has set up a committee by special decision to look into and provide suggestions on setting up an industrial data bank for Lebanon. The committee will also propose the type of data processing equipment to be used for the data bank. Under the provisions of the decree setting up the Council for External Economic Relations there is reference to the need to create such a data bank to provide industrialists in Lebanon with all sorts of information on foreign markets and the possibilities of penetrating these markets. The newly formed committee includes Nabil Ladki, Jaby Jalakh, Walid Qadi, Michel Khury, and Antoine Khoury. [Text] [Beirut THE ARAB WORLD WEEKLY in English No 684, 6 Aug 83 p 14]

**TRIPOLI REFINERY UPGRADING BOOSTS OUTPUT**--As a result of the upgrading work completed at the Tripoli refinery during last April and May the refinery's capacity was raised to 32,000 b/d. The refinery's previous capacity was 25,000 b/d. Sources at the Ministry of Industry and Oil said the refinery's capacity is expected to rise further when the new cracking unit recently purchased from the US is installed. The sources said the cracking unit was shipped from the US and is due to arrive in Lebanon shortly. The sources said the new unit will enable the refinery to realise savings of LL 5 million per month and will raise the refinery's production of gasoline out of total output from the current 19 per cent to between 29 and 30 per cent. [Text] [Beirut THE ARAB WORLD WEEKLY in English No 686, 20 Aug 83 p 15]

DEPUTY MINISTER OF INDUSTRY INTERVIEWED ON INDUSTRIAL DEVELOPMENT

Riyadh AL-YAMAMAH in Arabic No 763, 10 Aug 83 pp 14-17

[Interview with Dr Fu'ad 'Abd-al-Salam al-Farisi, deputy minister of industry, by 'Abd-al-Fatah 'Inani: "The Kingdom is One of the Fastest Growing Nations in the World With Respect to Industry"; date and place not specified]

[Text] Next fall will bring all that is good for this country. His Highness the King will inaugurate a number of basic industrial projects. The kingdom is advancing toward an overall industrial rebirth. Industrial cities comprise an area of 32 million square meters. Our national industries will soon invade countries throughout the world. The big powers regard the kingdom with admiration and esteem, because of the great progress it has made in industrial development. They are witness to the fact that it has become one of the fastest growing nations in the world with respect to industry. This only crowns and provides concrete evidence of the validity of the kingdom's industrial policy in supporting and encouraging the industrial sector. There is nothing comparable in any other nation to the incentives which the king's government grants for the industrial development plan. The following is a bold conversation conducted by AL-YAMAMAH with Dr Fu'ad 'Abd-al-Salam al-Farisi, deputy minister of industry for industrial affairs.

[Question] Some nations have expressed a desire to import Saudi domestic industries. Which nations and which industries are they?

[Answer] Yes. Certain nations have expressed a desire to import our domestic industries. Some commercial attaches abroad have written the ministry. One of them is the commercial attache in Geneva who says that certain companies in Switzerland want to know the products that can be imported from the kingdom. On the basis of this letter, we have taken a number of steps for the future. All national factories and those capable of exporting abroad in commercial quantities have been informed of the necessity of quickly providing the ministry with the addresses of their factories, their license numbers, production capacity, and the types of products they want to export. After we gather this information, we will classify it according to the various sectors. We will then send it to all commercial attaches abroad. We will also distribute it to chambers of commerce and industry. We will then send a copy to the deputy

minister of trade for economic affairs, so he will be thoroughly familiar with the potential of factories which are capable of export. Examples of this are the vegetable oil factory in Jiddah, certain melamine factories, factories for pre-fabricated houses, and certain plastics factories. However, nations expressing a desire to import our national industries have not yet been specified. We have to be realistic before we say that our products have begun invading the world. We can say that in the last 8 years we have acquired many domestic factories which are capable of both local production and export abroad. That is of added value to the national economy. In first place are exports to the Gulf states, in accordance with our common economic agreement.

[Question] The discussion has touched on domestic industry. Some people feel that industrialists have not carried out their national role completely and have not kept their promise to their people or their nation. They have been happy in their comfortable offices and revolving chairs and have left our industrial aspirations behind them. They have no goal but money, despite all that our reasonable government has offered and is offering them. How does one explain that?

[Answer] That was a good and real question, if you had asked me when I became deputy minister 4 and one-half years ago. It was a fact at that time. The reason is that industrial development was a new concept then. Some believed that an industrial project was the same as opening a grocery store or investing in land or real estate for great profit. The opposite is true. Industrial work is difficult and requires great effort. The ministry of industry is trying to make its relationship with the investor one of independence, not dependence. Through the Industrial Development Fund, the ministry is facilitating loans to industrialists and providing land necessary for the construction of factories and workshops. It is also raising customs duties, supplying raw materials, protesting against international competition, studying marketing problems, producing films, and making foreign contacts. I can tell you that most industrialists have begun to understand their role in industrial development. They have rendered and continue to render the nation many services. Even though the nation would render them services if they sat forever, they could not return some of them.

[Question] Imports into the kingdom rose from 119 billion riyals in 1981 to 139 billion riyals in 1982. Electrical equipment and appliances were at the top of the list, followed by transportation equipment, and ordinary metals and their manufacturers. Does that mean that the national industries in this domain have not yet reached the stage of self-sufficiency in quantity or quality?

[Answer] Yes. There are certain national industries which have not yet reached the stage of self-sufficiency in quantity or quality. However, there are many other industries such as construction materials, cement, food industries, including daily products, and others which are largely self-sufficient. Some are 60 percent self-sufficient. The ministry does not close the door to any investors. One asked for a permit for a



colored film plant with French technical cooperation. We agreed to it. In the last 4 months the demand for industrial projects has risen more than 40 percent over the same period last year. That is due to the success of the concept of industrial development in the kingdom, in addition to the sluggishness of the real estate market, because it is a trade without a firm economic base. I say that, even though I know that some people will be angry with me for saying it. When a citizen goes to an industrial project, he goes to a sector of production where he is serving his country and his nation. However, I would like to make clear that we have a gap of nearly 30 percent between estimated and actual production capacity. This means that we have factories which are producing and others which have taken out permits and are in the process of being implemented, but we can't add them to production capacity now. Therefore, our national industries have not reached self-sufficiency from the standpoint of quantity. As for quality, however, they are very similar to imports. This is due to the incentives which the nation has granted industrial sectors. It has helped them attract modern technology and modern equipment. They have reached a high degree of efficiency. Experience is the best proof.

[Question] The kingdom imports unusual quantities of cassette tapes at extremely high prices. Has an investor come forward to build a cassette tape factory?

[Answer] There are some investors who have taken out licenses, and projects are in the process of being implemented. However, production has not yet begun. The ministry does not specify the products and industries it needs. Nor does it have a plan for this. The operation is subject to supply and demand, in accordance with private sector initiative. We study the application, then we grant a license.

[Question] You mentioned that the ministry does not have a precise plan for industries which are needed. Instead, the matter is subject to private sector initiative. Isn't that a reproach against the ministry?

[Answer] This is the philosophy of the ministry. Our economy is neither a controlled nor planned economy. It is a free economy. The planned industries we had previously in our country were strategic, basic industries and the petrochemical industry. The investor doesn't propose an idea unless he is totally convinced of it. We can't force anything specific on him which might be against his wishes. The final result is that we have achieved many wishes, and we have sectors in which licensing is difficult in order for them to reach maximum capacity.

[Question] Doesn't Dr al-Farisi agree with me that giving individuals the freedom to choose an industry may distort our economic course and eliminate the manufacture of consumer goods which the state needs and which it imports in tremendous quantities, especially foodstuffs and electrical appliances?

[Answer] I think we are in full progress. We now have an industry for machines, refrigerators, cement pipes, and burnished pipes. All of them have been put into operation by domestic manpower. We can't take one sector and say it is a consumer sector. We manufacture most consumer goods, but not all of them. We thereby save the country a great deal of money which would not be saved if we imported them. We are unique in one distinguishing feature. The population is small. As a result, production capacity is greater with respect to export. The problem is that because the population is small, we lack the necessary manpower.

[Question] No nation can do without a canning industry, because it is a basic pillar for preserving the national wealth. It is also an important element for export such as sauce, juice, fruit, vegetables, and fish. Hasn't the ministry thought of building an industry specifically for canned goods in the kingdom, thereby saving millions of dollars which it spends importing them?

[Answer] With regard to juices, we have reached self-sufficiency. As for the canning industry, especially vegetables and fruit, it requires very large agricultural production, in excess of local consumption requirements. At the present time, that does not exist, because all production is consumed domestically. It is not logical for us to import vegetables from abroad so we may can them. Citizens here don't accept canned goods in great quantity. They always want to buy fresh products. The pillar of the canning industry is agricultural products. There are not enough in the kingdom, even though our fish industry has been good. There is a project under the auspices of the Saudi Fish Company. If it were implemented, it would be very successful.

[Question] The drop in the kingdom's oil exports has led to a reduction of the budget from \$90 billion last year to approximately \$75 billion in the current fiscal year. What role do industrialists play, in cooperation with the government, to re-establish a balance between expenditures and the volume of growth which aims at building up the kingdom?

[Answer] It is true that our aspirations for industry are very great. However, industrialists are people who, before knowing their own capability, know the limits of those capabilities.

If anyone assumes that national industry can fill this gap within a few years, his assumption is incorrect and based on self-deception. On the other hand, the Third Development Plan aims at development of the non-petroleum industrial sector by 12 percent. We have reached 13.5 percent already. This is good. I can tell you that the course of industry is developing with amazing speed, but the kingdom's exports are 85 percent dependent on oil. Consequently, industrialists cannot make up overnight the differences in imports dependent on oil out of the income from national industry if we could gradually reduce dependence on oil, we could realize the goal we seek, in harmony with the regular development plan every 5 years.

[Question] That answer is quite true, but industrialists must perform their role in its entirety with respect to the development of national industry in both quantity and quality. This prompts us to ask about the nature of the industrial projects which the king is expected to inaugurate next fall, as Dr Ghazi al-Qusaybi announced.

[Answer] They will be projects implemented by the Saudi Arabian Basic Industries Corporation (SABIC) in the Eastern District. They are iron, steel, fertilizer, and a methanol complex in al-Jubayl.

[Question] The industrial West is always trying to kill national industries through various means, in order to prevent technology from reaching the people of developing countries. In this way, they remain dependent on the West for the importation of consumer goods. What precautions have the ministry of industry taken to prevent the obstruction of national industries?

[Answer] What we are doing is to study a given commodity, following a request from the party representing it, with a view to imposing a customs fee to protect it from the outside.

This is a measure which takes a long time and is submitting to the Council of Ministers for its consent. On the other hand, we as a state follow a free economy. We don't prohibit imports. Neither in the United States nor in any other nation is there anything comparable to the incentives which our state gives the industrialist. They are all concessions. National industry must be given a big boost in order to impose itself on the market and have export capability, so we don't raise a sick child who can't continue to grow in the future.

[Question] Does that mean that if good national industries existed, we would still import similar foreign industrial products? Isn't that considered an obstacle to national industry?

[Answer] As I said before, the kingdom's economy is free, based on imports. The general principle is open importation. My personal opinion is that national industries which have these incentives and concessions can impose themselves on the domestic market. I am against prohibiting imports and imposing high customs protection on our national industries in order to protect them. This is the philosophy I embrace and believe in, even though there is another theory. According to it, national industries, by their mere existence, must have customs protection amounting to between 100 and 150 percent. However, one learns from history. There are developing nations which have applied this theory and failed quickly. It is the citizen who suffers. He buys the commodity, whether it is good or not. The good producer can impose himself and have the capability of exporting.

[Question] We thus subject national industry to stiff competition with foreign industries. Is there equality in this competition?

[Answer] This is a hard question to answer, because it requires us to study the prices of raw materials abroad, their costs there, and the price at which they are sold here. We also study prices here, the incentives granted by the state, costs, and other factors. What I can make clear is that our domestic products are undoubtedly preferable with respect to quality than imported products. An example of this is our domestic production of juice. It was tested in laboratories against a similar imported juice. It was found that the nutritional value of the domestic juice was much higher than the imported juice.

[Question] What about the industrial cities and what they do to turn the wheel of industrial development in the kingdom? What was their surface area at the end of 1401 H. [1981]?

[Answer] By the end of 1981, the area devoted to industrial cities in the kingdom amounted to approximately 32 million square meters, including more than 11 million in Riyadh, more than 8 million in Jiddah, 8.5 million in Dammam, 1.5 million in al-Qasim, 1.5 million in al-Ihsa', and more than .5 million in Mecca. As for the number of factories, the total number of licenses came to 2,679 including 1,511 factories already producing and 514 under construction. The 664 factories which remain in the project stage represent 25 percent of all projects. In other words, 75 percent of the factories are either producing or are under construction. That is a good percentage.

[Question] Industrial security is a national necessity, in order to preserve the security of both this country and the national capital, through provision of the means of state security in industrial installations. What has the ministry considered in this regard?

[Answer] There is a Supreme Committee for Industrial Security in the interior ministry. It is very busy. We apply what it sends concerning industrial security. Directors of the industrial cities pay great attention to this aspect. Every industrial city has a fire station, a police station, and a director specializing in this field. There are no problems in industrial security, except for the traditional, usual ones which exist everywhere.

[Question] Is there coordination between the Ministries of the Interior and Industry in this field?

[Answer] Coordination is greater between the Supreme Committee for Industrial Security and SABIC and also between the committee and PETROMIN, especially in strategic industries. There are instructions between us and the interior ministry which we are going to distribute and send out. We have already sent most of them to all the factories.

[Question] Industrial security leads us to a discussion of the disregard for industrial waste, drilling, transportation, oil refining, and the advance of industry. All that causes environmental pollution on three

levels: air, water, and food. Has the ministry taken precautions during the construction of factories to help the problem of environmental pollution?

[Answer] When we grant licenses, it is essential that the application submitted contain the necessary precautions to prevent pollution. The ministry has removed many factories which cause pollution, because of their proximity to cities, to areas far from cities and residential districts. In al-Jubayl and Yanbu' we are trying as much as possible to treat this problem by taking the necessary precautions to prevent pollution. Fortunately we have no pollution problems at present.

[Question] Is there scientific cooperation between the Ministry of Industry and Electricity and their counterparts in Arab countries? Does the ministry supervise any scientific research programs to set out toward vast horizons in a great industrial rebirth?

[Answer] There is scientific cooperation between the Ministry of Industry and its counterparts in Arab countries. This takes place through well-known Arab organizations such as those currently found in Baghdad. However, there is no scientific research supervised by the ministry, and it has no scientific research division. As you know, scientific research requires technology and technicians. The question now is whether or not the ministry has the technical staff to conduct scientific research. I say it does not. So how do we conduct scientific research? Among the achievements of our rational governments is the creation of the National Center for Science and Technology and the Saudi House for Advisory Services. They fill to a great extent the current gap in scientific research.

[Question] Doesn't the National Center for Science and Technology conduct the scientific research it chooses? That means its research is not entirely devoted to the ministry of industry or to the fields in which it is interested.

[Answer] There is coordination between the ministry and the national center on shared scientific topics and research. One example is the matter of desertification in al-Ihsa' and Dammam where sand is advancing over the plant cover, thereby threatening large areas with desertification. Together we are studying how to protect them.

[Question] There are specifications for certain projects which call for the use of foreign products, even though similar domestic products exist. Legislation concerning national industries which was drafted 7 years ago does not force the citizen to use domestic industry. Do government agencies and contractors fail to encourage national industry? Has the time come to amend the legislation?

[Answer] First, we must distinguish between government agencies and citizens. These regulations and laws are aimed at government agencies above all. There is good implementation and cooperation with government



agencies now. Domestic promotion is the basis. A royal decree has been issued concerning this. It is number 14 of 1977. It calls for the "preference of manufactures and products of Saudi make over similar foreign items, when they achieve the purpose for which the guaranty was made, even if they are inferior to similar foreign products, in their specifications." Cabinet resolution number 377 was issued in 1978 and states:

"1. The Ministry of Industry and Electricity shall prepare lists every 6 months of local industrial products suitable for government purchase, after ascertaining their high quality, moderate prices, and the quantities available. It shall distribute these lists to all government agencies.

"2. All contracts concluded by government agencies shall include a clause which commits the company or institution signing a contract with them to buy domestic products contained on the lists prepared by the Ministry of Industry and Electricity. The contracting party may not import from abroad products similar to those contained on the lists." This concerns government agencies.

As for citizens, we are acquainting them with domestic industries through the printed and broadcast information media. In Egypt now there is a very extensive campaign launched by the president of the republic to encourage domestic industries. In the kingdom we find the minister of industry going everywhere to inaugurate factories in order to highlight and attract attention to domestic industry. We are also producing films to make our industries known. We buy large quantities of these industrial products annually, for 1 million riyals, and distribute them to state officials, so that they become acquainted with them. Our role is not independent, but complementary. It supplements the role of factories which carry the burden of introducing domestic industry. I think this legislation is good. It does not need to be changed. The minister of finance and national economy has given instructions to government departments to buy domestic products. What is important is that the official clearly requires in the project contract the use of domestic products which can be guaranteed, without resorting to the use of foreign products.

[Question] What about the constant complaint of industrialists and investors about the failure of government authorities and state organizations to encourage domestic industry?

[Answer] This complaint was valid to some extent 2 years ago. The government was in the habit of importing and did not know that similar domestic products were being produced. Also, a principal reason was that the consultant was a foreigner. When he made up the specifications, he focused on foreign products. To overcome this, at the time a contract is signed, there must be a condition providing for the use of domestic products, as long as they fulfill the role required.

[Question] Our discussion is drawing to a close. We are not forgetting to ask about the Ministry of Industry and Electricity and its celebration of the second Domestic Industry Week during the month of Safar next year, 1404 H. [1984]. That will be 2 years after the first tangible development in domestic industries during this period?

[Answer] The ministry is interested in the Domestic Industry Week, because it highlights domestic industry and encourages individuals and citizens to use it. We have noticed great progress in both quality and quantity during the short period between the two events. Industrial products have become diversified in an advantageous manner, and the number of factories has increased significantly. We are now producing six cartoons and another film with a British company to advertise our domestic products. If you compare the period of time the advanced nations have been industrialized with our industrial development during the last few years, you find that the kingdom is one of the fastest growing countries in the world with respect to industry.

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## PROGRESS MADE IN EDUCATION NOTED

Riyadh AL-YAMAMAH in Arabic No 763, 10 Aug 83 pp 45-49

[Article: "March of Education in the Kingdom"]

[Text] Education is the heavy industry of knowledge. Its importance is measured not only by its being one aspect of civilization, but its worth is also measured by its ability to develop human resources, and by its capacity for human exploitation in its best and most varied forms for the benefit of both nation and individual. It is easy to import modern technology with money, but money alone does not make men capable of comprehending this technology, hence the importance of education in creating cadres able to lead the nation and to exercise their role in the service of the homeland. The Kingdom of Saudi Arabia is embarked on a difficult journey in the field of education, which started a little more than a half century ago. It started from zero, for 60 years ago there was but one or two schools in the country in addition to a number of Kor'an schools beside what the mosques did. As for the education of girls, it was totally nonexistent. During this short period, from the beginning of the unification of the kingdom until today, the country has been able to realize great progress. The number of educational institutions of various kinds and levels has reached 11,379 schools, teaching institutes and universities. The importance of this figure becomes clearer if we note that according to the statistics of 1367 AH the total number of schools of all three stages did not exceed 65, distributed all over the kingdom. At that time, universities did not exist.

Before we go into the beginning of the growth and development of education in the Kingdom we find it necessary to indicate that the development plans that were set up have considered the development of Saudi human resources as the nerve of the development operation. Those plans saw to it that every modern system consistent with Islamic law was adopted. They provided for vocational training aimed at creating technical cadres capable of meeting the country's needs. This is in addition to expanding education abroad to provide for the nation's need of scientists.

But How Did It Begin

To find out how it all started we must go some years back, to be exact, to the period when his majesty the late King Abd-al-Aziz succeeded in unifying the

Arabian Peninsula. The history of education began with the rise of the Saudi state and accompanied it in every step.

As 'Abd-al-'Aziz began to fix firmly the pillars of a new Islamic society it was natural for him to encourage the quest for learning out of his belief that learning is an obligation for every Muslim man and woman. His majesty looked around and found no trace of education in the country. But for a group of pious men who used to spend their money freely on students, there would not have been any educated people at all. His Majesty saw this state of affairs and with his piercing insight decided to raise education to its proper position. His decision was that the state assume the responsibilities for education.

The first step was the announcement of the establishment of the directorate of education on the first day of Ramadan 1344 AH. This new directorate was the first nucleus for the educational institutions in the kingdom. It started its work on the first of Muharram 1345 AH and opened a number of schools. In Muharram 1346 AH the first education council was formed. This council undertook the setting up of the educational system in al-Hijaz and sought to make primary schooling obligatory and free of charge. For the first time the country experienced the division of schooling into four stages: preparatory, elementary, secondary and advanced. With the expansion of the council's responsibilities the country began to enter the age of education in its modern sense. The same year saw the beginning of sending students abroad, with the sending of 14 students to Egypt to specialize in the different branches of knowledge. Today, fifty years later, the number of students abroad has become more than 1000 times this figure.

History will mention about the late King 'Abd-al-'Aziz that he used to spend freely of his money on sending students abroad and the opening of schools. It is to his credit with God that he encouraged parents to send their sons to school. Thereafter the activities of the directorate of education expanded, and it became necessary to issue a new statute to enable it to perform the missions entrusted to it in the desired manner. This statute was in fact issued in 1357 AH and remained in force until the resolution to change the directorate into the Ministry of Education was issued in 1373 AH. This year marked the starting point for the march of education in the country. God destined for it, as the first minister of education in the kingdom, a man bent on the spread and expansion of education both in quantity and quality. That man was his majesty King Fahd Ibn 'Abd-al-'Aziz.

Once more we look back and state that in the first year of the life of the directorate of education the first government post-elementary educational institution was opened with the founding of al-Ma'had al-'Ilmi (the Learning Institute) in the year 1345 AH. Then the school for religious studies was opened in 1353 AH, and the school for preparing students to be sent abroad in 1355 AH. This latter is considered the first college preparatory secondary school, where those who are sent to study abroad are readied.

History will mention for the directorate of education, which was headed by a succession of the first pioneers in education in the kingdom, that it laid out

educational regulation systems. In Sha'ban 1347 AH it laid out a system for the schools and in 1354 AH it issued the first Saudi program for elementary education, followed by the statute for the public schools in 1357 AH. It also made positive contributions by opening schools for the memorization of the Kor'an as well as night and vocational schools.

But the great accomplishments were realized after the establishment of the Ministry of Education when his majesty King Fahd, at that time his highness Prince Fahd, was occupied at the start of his time in the ministry with laying out an organizational map that would allow the establishment of branch administrations. This would impart to the continuing operation the desired flexibility, allowing educational services to develop along with the development of living. For this purpose there was also established in 1385 AH the higher commission for educational policy under his leadership.

Since women constitute half of society it was natural for officials to discuss the question of creating a system specially for the education of young girls. Thus came the establishment of the general directorate for the education of girls as a new leap toward the development of the educational enterprise. That was accompanied by the opening of numerous girls' schools and the laying out of an integrated system for the education of Saudi young women. Primary schools began in 1380-81 AH and middle and secondary schools in 1383 AH. After that date the road was clear for the opening of girls' colleges, when the directorate opened a number of middle colleges. The Women's Education College in Riyadh was established in 1390 AH and a similar college in Jiddah in 1394 AH. The year 1399-1400 AH witnessed the opening of the Women's College of Letters in Riyadh and the Women's College in al-Dammam.

Among the universities, King Sa'ud University is considered the oldest in the Kingdom. It was established in 1377 AH and was followed in 1381 AH by the Islamic University in al-Madinah al-Munawwarah, which was designed for the service of all Muslims. Then came King 'Abd-al-'Aziz University in Jiddah, which started out as a public institution in 1387 AH and was transformed into a government university in 1391-92 AH. In 1394 AH the second Islamic university was added, which is the Islamic University of Imam Muhammad Ibn Sa'ud. In the same year the Petroleum and Minerals University in al-Dahran was established. Its nucleus was the Petroleum and Minerals College, which had been started in 1383 AH. Then appeared the King Faysal University in al-Dammam in 1395 AH and finally the Umm al-Qura University in Holy Makkah. This is the most recent of the Saudi universities, and it was formally a branch of King 'Abd-al-'Aziz University.

The planners of the educational enterprise did not forget that there were social groups afflicted with handicaps preventing them from enrolling in the regular schools. The officials desired for these to find special care, lest society lose their contribution. The state took steps to provide a kind of special education offering the handicapped all kinds of instructional, social, health and vocational services. This education enables them to become active members, seriously participating in the service of themselves and their society.



Thus recent years saw an acceleration in the opening of "light" institutes for the blind, "hope" institutes for the deaf and dumb, and mental training for the mentally retarded. In these institutes the handicapped find the most modern methods, equipment and educational means suitable for each group, along with specialist instructors applying the latest methods of contemporary education.

The state also took steps to provide the opportunity for those who missed the educational train, and established for this purpose a department for adult education and illiteracy eradication. Through this department efforts are concentrated on doing away with illiteracy among different groups of people. For this purpose, [educational] caravans have been sent to villages and settlements.

### Obstacles To Education

The Kingdom has indeed been able, in the last half century, to achieve high averages in the development of human resources and the spreading of education in the country. But this success was not easy, for the march of education at its start faced more than one obstacle. Perhaps the most conspicuous one was that many of the parents and guardians did not agree in the beginning to send their children, especially the girls, to school. With enlightenment, however, it was possible to overcome this obstacle, and it has gradually disappeared.

The second obstacle was the problem of attrition. Many students used to quit during or after the first stage. This phenomenon has begun to diminish, though we do not say it has disappeared altogether.

The third obstacle was represented by the spreading out of the population and their migration among the different regions, which prevented the citizens from having equal opportunities to enroll in the educational institutions. A principal reason, as indicated in the third development plan, is represented by the planning of the locations of the schools. The acuteness of this problem increases especially with regard to girls at all levels of schooling, since it is necessary to locate schools close to girls' residences.

The fourth obstacle is represented by a false view of vocational training and insufficient interest in it. To these obstacles there are added administrative problems. The educational apparatus is still lacking in systems specialized in planning, administration and coordination. It often happens that students are piled up in some of the schools while there are other schools whose facilities are not fully used and whose instructors are not utilized to the maximum extent possible.

### Heralds of Good Things

In any case, the current situation in public education reflects, as the third development plan says, opportunities for the improvement of specific programs, especially in regard to implementing principal projects such as the center for instructional technology and educational television. Its branches are multi-purpose.

In addition to that, concentrating implemented educational projects has expanded quantitatively the ability of the schools to accommodate students. As his highness the minister of education declared to AL-YAMAMAH in an interview, we are now opening about 500 new schools every year.

The large quantitative development of boys' schools was accompanied by a similar development in the opening of girls' schools, adult education, illiteracy eradication and centers for vocational training.

Higher education was accompanied by a similar development because of the large increase in the number of secondary school graduates desiring to continue their advanced studies. This impelled the universities to open branches in regions where there are no university colleges. With time, these branches become nuclei for new universities.

As we mentioned at the beginning of this "file," the development plans laid out saw to it that every modern practice in education consistent with orthodox Islamic law be adopted. The makers of educational policy have succeeded in realizing this aim. They also saw to it that educational policy include improvement of the quality of education, encouragement of interaction of the educational system with the country's needs, improvement of the system's proficiency and increase of basic equipment.

In order to attain these aims it has been decided to conduct a preliminary study leading to the establishment of the Center for Development of Education in the Ministry of Education. Its services will include also the education of girls.

This center is concerned with supporting many of the functions and duties assumed by the ministry at the present time. It will work on the preparation of new programs and will undertake two main operations:

The first is organizing the regional educational institutions and forming an apparatus suitable for specific planning in the Ministry of Education and the general directorate for girls' education.

The second is conducting economic appraisals and providing assistance to the departments in making programs concerning the choice and implementation of the main, new specific programs.

As for the field of higher education, according to the third development plan institutions there will be on specific improvements in admission, student distribution, teaching, research, selection of faculty and raising standards (both within the country and abroad) and improving the pursuit and appraisal of the performance of this subsidiary sector as a whole and in general. There will also be improvement of the training programs, use of the computer in processing information about the job market and preparation of a model technical program for the post-secondary stage (the polytechnic institute) which would offer kinds of training not available in the Kingdom.

In addition to that, the aims include strengthening programs for illiteracy eradication, assistance in employee training through the Public Administration Institute, enforcement of the principal articles in the labor code concerning raising the level of workers in the private sector (centers for foreman training), improvement of the quality of all training and trainers' programs and improvement of the pursuit and appraisal for the effectiveness of the principal programs.

The third development plan indicates that the state is taking steps to improve the quality of education and training by adopting the policies listed below. It does this recognizing that specific change demands taking a major initial step and undertaking systematic measures to remedy the present points of weakness.

1. Establishment of an administrative apparatus (employees, institutions and measures) equipped to define, develop and propagate programs which aim at specific changes and which go well with the circumstances of the kingdom;
2. Establishment of apparatuses necessary for pursuing specific parts in the programs (appraisal of student performance and programs of study);
3. Development of the capacity for planning and programming the specific changes;
4. Keeping control over school variables affecting specific changes.

The state seeks, in accordance with national strategy, to improve the interaction of the educational and training system with the needs of the economy by implementing the following policies:

1. Insuring that educational programs reflect the broad economic interests of Saudi society, and creating suitable links between these programs and training that fits employment;
2. Improving the people's awareness of the economy and the special returns it has, with the purpose of altering the citizens' trends and their attitudes toward technical and vocational training in particular;
3. Overcoming problems of coordination and duplication in the programs for developing human capacities;
4. Insuring that the right numbers of secondary school graduates enroll in those programs of advanced study that top the list of desired specializations;
5. Working for the participation of women in suitable employment like teaching and medicine;
6. Sparring no effort in the field of technical and vocational training to involve principal employers in setting up the programs that must be given priority, which is done by devising suitable standards;

7. Giving immediate priority to groups of unskilled and semi-skilled laborers of ages 18 to 45 by enhancing illiteracy eradication and encouraging them through incentives and guidance to participate in the productive sector.

The third development plan indicates that the state seeks also to implement the following policies, which aim at improving the capability of the system of education and training:

1. Insuring that the administration of this system at all levels will have direct influence on the quality of the program and on the opportunities to enroll in the study and training programs, and that failure and repetition of classes or courses in programs of advanced studies do not block the way for new students;
2. Devising suitable standard measures for use in planning and administration;
3. Shoring up university planning in order to diminish the rates of failure and attrition and improve the enforcement of the system of required attendance.

#### Student Groups Abroad, Too

This masterplan has been crowned with a broad program for foreign study. The state took measures to send for study abroad a choice group of this nation's youth, who represent the nation's hopes. They are to specialize in all the branches of knowledge required for the development plans and the programs for building this nation.

Those who happen to look into the yearbook issued by the U.S. Office of Education are surprised by the number of our sons who have successfully completed their programs of study, obtained Doctor's and Master's degrees and returned to erect the glory of this nation.

For example, in the second of these yearbooks, which came out 2 years ago, his highness Shaykh Hasan Ibn 'Abdallah Al al-Shaykh, minister of higher education, said as he introduced the book that "for the first time in the history of foreign study for our country there graduates in one year from a single host country more than 1400 Saudi students engaged in advanced studies in the various sciences, arts and modern skills of varying degrees and ranks."

These have obtained Doctor's and Master's degrees as well as diplomas and medical fellowships.

In this period alone, which ended in Rajab 1401 AH, corresponding to May 1981 AD, 102 students obtained doctorates and 408 Master's degrees. Also, Bachelor's degrees were earned by 535 students, male and female.

These scholars were sent from more than 40 agencies, starting with the Ministry of Education, the Ministry of Higher Education and the Universities, and ending with the General Oversight Office and the Agency for Statistics.

There is hardly a ministry or agency or university in the kingdom that has not sent a number of people to study abroad.

The subjects of their studies varied from computers and engineering to literature and natural science. The number of specialties in which they obtained their academic degrees exceeded 20.

These subjects are agriculture, architecture and environmental planning, Middle East studies, biology, business administration, communication science, computer science, education, engineering, fine and applied arts, health science, home economics, law, English literature, library science, mathematics, police administration and services and social sciences.

In the third yearbook, which contains the honor roll of Saudi students graduating from the USA and which came out in Ramadan 1402 AH (June 1982 AD) figures indicate that during a single year there were 1716 graduates, of whom 1658 are male and 58 are female.

This is the largest group of graduates in the history of foreign study. Of these, 112 obtained doctorates and 312 Master's degrees. Bachelor's degrees were obtained by 814 students, male and female. Those who completed training sessions were 456.

All these were sent by most of the state agencies, beginning with the Ministry of Higher Education and the Ministry of Education, then the universities and the ministries, and ending with the public institutions and organizations.

The number of specialties in which these obtained their academic degrees reached 25, ranging from engineering and mathematics to religious studies and home economics.

These figures, as Subhi al-Harithi, educational attache in America, says, attest to the fact that the kingdom has taken the matter of educational and program planning seriously, and has committed a lot of care and attention to it.

These, then, are the bright lines in the general picture of education in the kingdom. These figures and statistics, which we obtained from the Ministry of Education, the directorate for the education of girls, the Ministry of Higher Education and the third development plan, all give assurance that the kingdom has gone a long way in the march of educational and program planning. This represents the real challenge to this nation, considering that human resources and their utilization are the most important things this faithful country treasures for realizing its great ambitions.



UNITED ARAB EMIRATES

BRIEFS

TAXATION FOR FOREIGN COMPANIES--An official at the UAE Ministry of Economy and Commerce in ash-Shariqah lauded that taxes be imposed on major investing foreign corporations in the country. The Ministry's Undersecretary, Atiq 'Abd al-Rahman, said that it was time to establish a general tax law based on a sound economic foundation. He said the tax law aimed at securing another source of income that would protect the national economy from unforeseen "shocks". He added that the law would be applied in stages. [Text]  
[GF130609 Manama GULF DAILY NEWS in English 13 Sep 83 p 1]

CSO: 4400/513

PDPA MEMBERSHIP REPORTEDLY INCREASING

Kabul REYWAD in Dari 30 Jul 83 p 2

[Text] The People's Democratic Party of Afghanistan [PDPA], the vanguard of the working class and all the laborers of the country which in its 18 years of life has intelligently and wisely led the deserving and equitable struggle of the hardworking people of our country, today enjoys a particular national and international prestige.

The Saur revolution, this major and unsurpassed change in our country's long history, which resulted in the freedom of the oppressed people of our country from the hands of the feudalists, profiteers and other oppressors, is one of the invaluable fruit of the struggle of the people under the leadership of the PDPA, the party of the heroes and the martyrs. Brave fighters and the illuminators of the path to revolution and freedom for the laborers from the hands of oppression and exploitation, laid the foundation of the party 18 years ago and promised not to spare any efforts or lives in the struggle for the freedom of the laboring masses from the oppression and social inequality imposed upon them.

In light of the wise and intelligent performance of the truest sons of the fathers of our beloved country, the goals of the party have found their place in the hearts of the masses and the sons of the best laborers of our country are heading for active participation in the party.

In making the revolution successful and based on its successes, the PDPA has affected progressive and democratic changes and has achieved its highest goals among the masses more than ever and has strengthened their beliefs with its empirical goals and principles.

With the success of the Saur revolution and the establishment of the rule of the workers, the ranks of the PDPA have grown and expanded more than ever and greater opportunities have arisen for the expeditious and fruitful struggle for the elimination of the backwardness resulting from the oppression of the past in the country.

Today, the best and the most qualified sons of the workers, farmers, tradesmen and other freedom-loving laborers of the country are joining the ranks of the PDPA with revolutionary enthusiasm so that they may serve the country more

truthfully meaningfully. They are adding further strength and energy to the struggle of the laborers of Afghanistan.

Babrak Karmal, Secretary General of the Central Committee of the PDPA and President of the Revolutionary Council of the Republic of Afghanistan, while delivering the major report of 12th plenum of the Central Committee of the PDPA explained: "Presently there are more than 90,000 primary and trial members in our party. During the period of March 82-March 83, the party membership increased almost 35 percent and this trend is continuing. This fact is a testimonial to the increase in trust and authority of the party and its further improved relationship with the masses. Presently members in the party represent more than 30 different tribal units. Sixty-five percent of the party membership consists of those up to age 30. New and younger forces, to whom the future belongs, are constantly joining the party. During the above-mentioned period, approximately 31,000 members were accepted for trial membership; among them were: 1.69 percent workers and 33.3 percent farmers. But, farmers and workers combined, still represent only 28.4 percent of the party membership. This figure must be increased. The makeup of the party must reflect the makeup of the working people of the country as much as possible."

In fact there is not a day when a large number of the best laboring sons of the country do not indicate their readiness and offer their lives in the struggle for the country and the revolution. They know their proper place in the noble struggle of the PDPA and therefore are falling in-step with the caravan for growth and completion of the revolution with a great deal of zeal and enthusiasm.

17439

CSO: 4665/15

## NATIONAL AWAMI PARTY FACTIONS TO REUNITE

Dhaka THE BANGLADESH TIMES in English 3 Aug 83 pp 1, 8

[Text] Bangladesh National Awami Party (Mozaffar) and Bangladesh National Awami Party (Harun) announced their decision to reunite on Tuesday at a function arranged to celebrate the 26th founding anniversary of the party.

According to political observers, the announcement of intent for reunification by the two factions of NAP marked the beginning of new trend in the political parties which subscribed to the Soviet position internationally. Observers felt the Soviet-leading political parties would also intensify their efforts to unite and consolidate their position in national politics.

Mr Abdur Razzak, General Secretary, Bangladesh Awami League (Hasina) was given a warm reception by the audience when he arrived at the Dhaka District Sports Association auditorium, the venue of the function. The audience again burst into loud cheers when Mr Razzak came before the microphone to deliver his speech. But a message sent by AL (Hasina) chief Sheikh Hasina Wazed on the occasion of the founding anniversary received rather a cool reception from the audience comprising most of NAP and CPB leaders and workers.

Presided over by Prof Mozaffar Ahmad, the function was attended by Chowdhury Harunar Rashid, President, NAP (Harun), Mr Mizanur Rahman Chowdhury, President Awami League (Mizan), Syed Altaf Hossain, President, Jatiya Ekot Party, Mr Mohammad Toaha, Chairman, Bangladesher Samyabadi Dal (Toaha), Mr Md Farhad, Secretary, CPB, Mr A.S.M. Abdur Rab, General Secretary, JSD, Mr Nirmal Sen a leader of Sramik Krishak Samajbadi Dal, Pir Habibur Rahman, General Secretary, NAP (MB), Mr Pankaj Bhattachariya NAP (H) and Mr Dillip Barua, member of the presidium of BSD (Nagen).

Chowdhury Harunar Rashid in his speech explained his background of the formation of National Awami Party in 1957 and said that the party had always played a significant role in the hours of national crisis.

Mr Rashid said that many parties which had been involved in the War of Liberation in 1971 did not have progressive programme. For that reason, he said, these parties had experienced a difficult time to run the administration of the country.

The NAP (H) chief said that the six point programme of Zwami League had not been able to provide the guidelines for a newly independent nation. The six-point programme was necessary but it was incomplete, he maintained.

He said that in the background of denationalisation and introduction of what he said, capitalistic exploitative system in the agriculture and land systems, the nation needed a movement. He said that the programme of NAP could provide a basis for that movement.

Mr Harunar Rashid said that the progressive democrats should unite under a radical political party to carry forward the people's movements for a socialist society.

He announced the intent of the two parties--NAP (M) and NAP (H)--to reunite and said that a united NAP would work for a definite objective.

The NAP chief termed CPB as one of his nearest allies and said that cooperation between the two parties was a must.

Mr Rashid said that the 15-party alliance had been experiencing both disintegration and unity. He said that at a time when the process of disintegration had started in many political parties, the radicals were reuniting.

Mr Mizanur Rahman Chowdhury said that the forces which had emerged during the War of Liberation had been disintegrating due to conspiracies.

He said that the political leaders did not have any image in the public eye due to mud slinging amongst themselves (politicians). He said that everything was in a disorganised manner, and nothing could be found in a perfect condition.

Prof Mozaffar Ahmed paid tributes to the founding fathers of NAP including Maulana Abdul Hamid Khan Bhashani, Khan Abdul Gaffar Khan, and Mia Iftekharchud-din and said that the reason for the present political crisis was that the people had no confidence in the politicians.

Prof Mozaffar said that he had advised the 15-party leaders to gain confidence of the people by mixing with the people.

He said that neighbouring India had always been labelled as inimical to Bangladesh by some political parties. "I can say even if Muslim League forms a government in the country, it will be more submissive to India in view of the geo-political reasons," he said.

CSO: 4600/1538



**ERSHAD CHRISTENS ARMY LANDING CRAFT TANK NAMED FOR YASIR 'ARAFAT**

Dhaka THE BANGLADESH OBSERVER in English 16 Aug 83 p 1

[Text] The Chief Martial Law Administrator, Lt Gen H.M. Ershad inaugurated the Landing Craft Tank (LCT) "Arafat" of the Riverine Engineers Battalion of Bangladesh Army at the President's jetty at Pagla, reports BSS.

The craft was named by the Commander-in-Chief of the Armed Forces after the name of Yasser Arafat. The naming, Gen Ershad said, symbolises "our close links and friendship" with our Palestinian brothers and total support to their freedom struggle for achieving a sovereign state of their own in their homeland.

Speaking on the occasion, the CMLA said Arafat is not merely a name, but a shining symbol of independence of the freedom loving people of the world. He is a universal name which inspires the liberation forces to wage relentless struggle for independence.

The CMLA said Bangladesh which also earned its independence after supreme sacrifice is now engaged in the uphill task of emancipating its people from hunger and poverty through untiring and united efforts in this context. He outlined the government endeavours to ensure socio-economic development and said our march towards progress is being intensified with the support and cooperation of the people. "We must invigorate the national spirit and work relentlessly to reach our cherished goal."

Gen Ershad said a disciplined and well-equipped Army is essential for any country to defend and consolidate its independence and sovereignty. He hoped that our Armed Forces and the people would work together for the overall development of the country and to make it a self-respecting nation.

Earlier, Gen Ershad was shown round different sections of the landing craft. He also signed the visitor's book.

LCT type vessels came from Britain to India during the Second World War and used by the Allied Forces for transportation of armoured vehicles, ration and troops.

Bangladesh Army acquired the craft after the War of Independence in dilapidated condition. It has been renovated by the base workshop, Dhaka with the help of Narayanganj Dockyard. The vessel after its renovation is now an asset of Bangladesh Army and will augment the operational capability of Engineers Brigade.

The vessel is capable of providing combat support during the war and administrative support in peace time. In time of natural calamities and disasters, it will be extremely useful to carry out massive relief operation.

The function was attended by the Home Minister, Major General Abdul Mannan Siddiqui, the Chief of the General Staff Major General Nuruddin Khan, the Principal Staff Officers Major General Atiqur Rahman and Major General Mozammel Hossain, the General Staff, Major General N.A. Chisty, the GOC 9 Division, Major General K.M. Abdul Wahed, the Director General of BDR, Major General R.A.M. Golam Mukhtadir and high ranking military officers.

CSO: 4600/1553

# ERSHAD WANTS TALKS WITH INDIA ON BORDER CROSSERS

Bombay THE TIMES OF INDIA in English 22 Aug 83 p'1

[Article by Kirit Bhaumik]

[Text]

DHAKA, August 21.  
**L**T-GEN. H. M. Ershad, chief martial law administrator of Bangladesh, wants to open a dialogue with India on ways to contain the impact on bordering Indian states of a population explosion in this fertile deltaic country.

The matter was brought up by Gen. Ershad when the external affairs minister, Mr. P. V. Narasimha Rao, who is here for the second meeting of the Indo-Bangladesh joint economic commission, called on him yesterday. It is likely to take precedence over other issues being discussed by the commission.

The issue has acquired urgency following India's proposal to erect a barbed wire fence all along its border with Bangladesh. Gen. Ershad feels that India need not go to this extent and the matter, like all other bilateral issues, can be sorted out through discussions. Erecting a fence would give the impression that India was denouncing Bangladesh in the eyes of the world, he said yesterday.

There is, however, a wide gap between the stands taken by the two governments. Gen. Ershad maintains that there is no illegal infiltration into the bordering Indian states. He does not see any reason for it taking place. "Conditions here are peaceful, the economic situation is improving and prices here are the lowest in the world," he claimed yesterday.

Being aware of the Bangladesh position, Indian officials accompanying Mr. Narasimha Rao at the talks

here have come armed with facts and figures relating to the suspected illegal infiltration. These include figures of people caught by the border security force while trying to cross over into India.

The Indian side maintains that even among those going to India with valid travel documents, an average of 30,000 people, stay back in the country each year.

The figures indicate that the level of illegal infiltration has a direct correlation with the periodic outbursts of turbulence in Bangladesh. For example, in 1975 38,000 people were caught at border points while trying to enter India. In the next two years, when conditions in Bangladesh were relatively stable, there was a sharp fall in the number of detected attempts to cross over into India.

Subsequently, there was a steady rise in the number of detections to 55,000 in 1982, when political instability again overtook Bangladesh.

The Indian view appears to be that including the matter in bilateral talks will only mean adding one more item to the long list of unresolved issues between the two countries. The record of finding solutions is not very encouraging. The Ganga water issue has been hanging fire for more than 25 years and Bangladesh's political difficulties have prevented progress on a host of other disputes.

Bangladesh apparently feels that erection of a fence by India will plug its "safety valves" and enhance the explosive potential of any population growth, while the Indian side points to the political impact of this steady illegal infiltration.

LABOR MINISTER MEETS PRESS ON RETURN FROM BAGHDAD

Dhaka THE BANGLADESH OBSERVER in English 19 Aug 83 p 1

[Text] Bangladesh has proposed to supply Iraq the total annual requirement of her raw jute and jute goods, Minister for Labour and Manpower Air Vice-Marshall (Retd.) Aminul Islam said in Dhaka on Thursday, reports BSS.

He told newsmen that the Iraqi side has offered to supply Bangladesh her entire annual requirement of sulphur and T.S.P. (fertilizer). The Minister returned home on Wednesday from Baghdad after attending the first session of Iraq-Bangladesh Joint Commission of trade, economic and technical cooperation.

The Labour Minister who led an eight-member Bangladesh delegation to the six-day meeting of the Joint Commission which concluded Monday, signed an agreed minutes detailing the task both sides would take up from implementation of the provisions of the commission for furthering the bilateral relations between the two countries. Iraqi Minister of Housing and Construction Mr Mohammad Fadhel Hussien led his country's 15-member delegation at the commission's meeting.

The meeting of the commission was held in accordance with the trade agreement and economic and technical cooperation agreement signed between the two countries in May 1981.

Air Vice-Marshall (Retd.) Islam said the commission has set up two sub-committees:

Sub-committee for technical and cultural cooperation and sub-committee for trade and economic cooperation to discuss and deal with the various aspects of Iraq-Bangladesh cooperation. He said besides jute and jute goods, Bangladesh has also offered to export a sizeable quantity of tea to Iraq.

To fulfill the offers of both parties, they agreed to reach long term agreements for import and export in respect of raw jute, jute goods and tea, sulphur and T.S.P. to each other's country, the agreed minutes contained.

The Labour Minister said in the field of technical cooperation, Iraq has offered assistance in the oil industry in the form of technical guidance to evaluate the current and potential programmes of oil/gas exploration and

processing. He said Baghdad has also offered seats for Bangladeshis in the oil institute for mid-level students and on the job training facilities for technical personnel employed in official agencies in the country.

In the field of cooperation in cultural and religious affairs both sides emphasised the need for further expansion of contacts and exchanges for mutual benefit.

Referring to employment, both sides expressed satisfaction at the existing level of cooperation in this field and said future needs of Iraq will be dealt in accordance with the Labour Agreement of March 1979.

CSO: 4600/1558



## BANGLADESH

### IRAQ TO STRENGTHEN COOPERATION WITH BANGLADESH

Dhaka THE BANGLADESH OBSERVER in English 18 Aug 83 p 12

[Text] Baghdad, Aug 17--Iraqi First Deputy Prime Minister and Member of Revolutionary Command Council Mr Taha Yassin Ramadhan reaffirmed that Iraq would further strengthen the already existing friendly cooperation with Bangladesh, reports BSS.

He said this yesterday when the Bangladesh Labour and Manpower Minister, Air Vice-Marshal (Retd.) K.M. Aminul Islam met him in Baghdad. Mr Islam is leading a six-member Bangladesh delegation to the Joint Ministerial Commission meeting here.

The Iraqi Deputy Prime Minister expressed satisfaction at the successful completion of Iraq-Bangladesh Joint Ministerial Commission meeting and hoped that the talks would further widen and strengthen the bilateral cooperation between the two countries.

Earlier, Mr Islam had a meeting with Iraqi Labour and Social Welfare Minister and discussed matters relating to further expansion of cooperation in the field of manpower and personnel management.

Mr Islam also met Bangladeshi nationals and representatives of construction firms working in Iraq. He explained the manpower and labour policy adopted by the government for the welfare of the Bangladesh nationals.

The Bangladesh Minister told them that Iraqi government was very happy with Bangladeshi workers and that the government had assured that they would solve their problems here as far as possible.

CSO: 4600/1556

DOHA SAYS NO SRI LANKA REQUEST FOR AID

Dhaka THE BANGLADESH TIMES in English 3 Aug 83 pp 1, 8

[Text] New Delhi, Aug 2--Bangladesh Foreign Minister A.R. Shamsud Doha categorically denied here today that Dhaka had received any request for military assistance from Sri Lanka troubled by violent ethnic disturbance for the last one month.

Mr Doha told the Bangladesh Times here that reports from western news agencies published in Indian newspapers today stating that Bangladesh was among the four countries from which Sri Lanka had sought military assistance in the event of a foreign invasion was totally speculative.

"It is a very speculative story and an instance of kite flying. We received no such request from Sri Lanka," Mr Doha said.

The four countries mentioned in the report as having been sought by Sri Lanka for military assistance are the US, Britain, Pakistan and Bangladesh.

But Pakistan's Foreign Minister Shahabzada Yaqub Khan, when asked to comment on the report, also denied that his government had received any such request.

CSO: 4600/1538

## BANGLADESH

### BRIEFS

**TALKS WITH NEPAL--**Khulna, Aug 9--The Deputy Chief Martial Law Administrator and Minister for Communications, Rear Admiral M.A. Khan said here today that negotiations with Nepalese government were underway for transit trade with that country through Khulna port, reports BSS. The DCMLA hoped that transit trade with Nepal would commence soon. The DCMLA stated this on the occasion of handing over ceremony of 2500 BHP tugboat, a gift from the West German government. The tugboat named "M.T.Sibsa" was ceremonially handed over by the West German Ambassador in Bangladesh Dr Baron Walther Von Marshall at Roosevelt Jetty here. [Excerpt] [Dhaka THE BANGLADESH TIMES in English 10 Aug 83 p 1]

**AMBASSADOR TO SAUDI ARABIA--**Mr Abdullah Saleh Hababi has been appointed Ambassador of Saudi Arabia to Bangladesh, it was officially announced in Dhaka on Thursday, reports BSS. Now serving as Saudi Arabian Ambassador to Brazil, Mr Hababi is a career diplomat and brings with him 31 years of experience in diplomacy. He has held several senior and important assignments. A graduate in political science of Fuad University, Cairo, Mr Hababi was born in Taif in 1931. He joined the Saudi Foreign Office in 1953. He has served in Saudi embassies in Tehran, Cairo, Washington and Islamabad. before being appointed as Saudi Ambassador to Uganda in November 1972 and Ambassador to Afghanistan in September 1976. Since 1980 he has been Saudi Arabia's Ambassador to Brazil. Mr Hababi attended the 14th session of U.N. General Assembly and the 33rd meeting of the Arab League in Cairo. Mr Hababi is married. [Text] [Dhaka THE BANGLADESH OBSERVER in English 19 Aug 83 p 1]

**AMBASSADOR TO CHILE--**The Bangladesh Government has decided to concurrently accredit Lt General (Retd) Khwaja Wasiuddin, at present Permanent Representative of Bangladesh to the United Nations, New York, as Bangladesh Ambassador to Chile, it was officially announced on Saturday, reports BSS. [Text] [Dhaka THE BANGLADESH OBSERVER in English 7 Aug 83 p 3]

**BANGLADESH-INDIA RELATIONS**--According to a report of the HURMAT bureau in Dhaka, when Gen H. M. Ershad meets with President Reagan in Washington on 25 October, he will apprise Reagan of "India's growing intervention in Bangladesh." The Bangladesh Government is very concerned about the fact that the activities of India's intelligence service RAW are on the increase in Bangladesh and that this very powerful agency of the Government of India maintains contacts with Bangladesh circles opposed to General Ershad. Although the Government of Bangladesh has made protests to the Indian Government over the matter, it is General Ershad's view that in this regard pressure should be put on India through other countries, particularly the United States of America. [Text] [Rawalpindi HURMAT in Urdu 25 Aug-1 Sep 83 p 4]

**NATIONALIZED BANK CHANGES**--The Government has decided to float the shares of four nationalised banks--Janata, Rupali, Agrani and Sonali--up to 49 percent and offer it to the public. The Government decision contained in the gazette of July 24 said the board of directors of the banks shall be recast as executive boards. The shareholders of Eastern Mercantile Bank and Eastern Banking Corporation shall be compensated by restoring their shares in Pubali and Uttara banks. The Government has also decided to review its policy of setting up new banks in the private sector. The Parjatan Corporation shall disinvest all its commercial enterprises such as hotels and restaurants. Its motel complexes shall be disinvested to the extent of 49 percent but their management shall be given to the private parties. The Government also decided to consider the desirability of operating the Biman under a management agreement with a reputed foreign airlines. Biman's Nan-roti Plant shall be disinvested. The Government has also decided to abolish Dhaka, Rajshahi, Khulna, Chittagong and Comilla division development boards on completion of reorganisation of the administration. [Text] [Dhaka THE NEW NATION in English 5 Aug 83 p 1]

**ENVOY TO BULGARIA**--The Government has decided to concurrently accredit Mr Maibubul Huq at present Ambassador of Bangladesh to Turkey, as Bangladesh Ambassador to the People's Republic of Bulgaria, says a PID handout. [Text] [Dhaka THE BANGLADESH OBSERVER in knGLISH 18 Aug 83 p 12]

CSO: 4600/1557

## PARTY LEADERS GIVE VIEWS ON PUNJAB SITUATION

Lok Dal President

New Delhi PATRIOT in English 4 Aug 83 pp 1, 7

[Text] Lok Dal president Charan Singh is of the firm view that there should be no bar on the police from entering gurdwaras or any other place of worship to nab criminals taking shelter there.

"It is a strange logic that the sanctity of religious places will be violated by the entry of police, but not by the presence of murderers and other criminals there," the former Prime Minister said in an interview.

Nowhere in the world is the police prevented from arresting criminals from inside temples, mosques or churches, he said. "They have stored all kinds of arms and ammunition in Guru Nanak Niwas. The Government should seize them and nab the offenders."

But the Government, he said, has only proved that it is too weak to embark on such a course of action. This is evidenced by the fact that it served an ultimatum and then in the face of threats, quickly withdrew it. The Punjab agitationists gave a call for "Rail Roko" and the Government, instead of meeting the challenge with a firm hand, announced cancellation of all trains.

Mr Charan Singh points out that he has written several letters to the Prime Minister, Indira Gandhi, in connection with the Punjab problem, but there has never been any positive response.

He recalls how Sant Jarnail Singh Bhindranwale along with his supporters came to Delhi some time back, carrying unlicensed arms and ammunition and stayed for three weeks. Yet nobody was arrested. "Why? Are these people above the law?" he asked cautioning about the perilous consequences of such a "weak-kneed attitude" of the Government.

No laxity should be shown to the extremists and they should be dealt with an iron hand, he adds.



### Cong-I Blamed

Mr Charan Singh blames the Congress-I and its leaders, particularly Mrs Gandhi, for the Punjab problem and bringing it to its present stage.

"Sant Bhindranwale is their creation. They made him a hero. And now they are facing the consequences," he said.

During the interview the former Prime Minister punctuates his observations with dates and details of his letters he has been writing to Mrs Gandhi from time to time on points he strongly felt about. "I have been cautioning her, but what can one do if the Government has chosen not to act," he laments.

Mr Charan Singh does not think that Sikhs and Hindus are different. "They were and are inseparable from Hindus. Take, for instance, their names or the contents of the Guru Granth Saheb. Is not it a fact that Hindus also go to Gurdwaras and worship with no less fervour than Sikhs?" he asks. Sikh Gurus made sacrifices for Hindus.

He wonders who included Sikhs in the slogan, "Hindu, Muslim, Sikh, Esai hain sab bhai bhai" giving a separate entity to Sikhs even though they were Hindus always.

It is this mentality which has been driving a section of Hindus away by calling them Harijans. They are also Ram Lals, Shyam Lals and Krishan Lals but simply because of the nature of their job, "you are not prepared to accept them as Hindus."

"In fact, you journalists are also responsible for encouraging such divisive tendencies," Mr Charan Singh says, pointing out how the Editor of an English daily of Delhi recently wrote that at a particular place the Hindus were in a majority and among the minority communities were Harijans. "Now, when did Harijans become non-Hindus?" Mr Charan Singh asks feelingly.

The Lok Dal leader feels that the issue of Ravi-Beas waters should be referred to a tribunal instead of the Supreme Court where it might take a long time in disposal. In this connection, he points out that lot of money had already been given to Punjab but now the state was not allowing digging of canals.

On the issue of Chandigarh's transfer, he says the Shah Commission had recommended that the Union Territory along with Kharar, Abohar and Fazilka should go to Haryana. But it was never implemented following Sant Fateh Singh's fast in 1965. What was the use of setting up commissions if the Government succumbs to threats? he asks. Referendum in these areas could help solve the issue, he thinks.

In fact, he says, he was always against the division of Punjab, Punjabi was a dialect of Hindi and in his view Gurmukhi and Devnagri scripts should have been accepted and made compulsory in the undivided State.

Mr Charan Singh says Gurdwara managements should be given the option of being covered by the All-India Gurdwara Act and should not be brought under its purview compulsorily. On Anandpur Sahib Resolution, he confines himself to saying that the reasonable points in it, if any, could be accepted.

The Lok Dal leader says the present stalemate should be broken and efforts renewed to find a solution to the vexed problem. But in no case should there be any compromise with national interests and legal provisions. His party, he said, was always prepared to co-operate in the matter.

He says he is of the firm view that extremism should be crushed with a heavy hand. "The State is always coercive" and nothing should be done to encourage the terrorist elements. He regrets that so far the moderates were in a majority in Punjab, but of late, they were being overtaken by extremists.

Mr Charan Singh says people belonging to different faiths should have freedom to have their own views, which should not be allowed to be imposed on others.

#### Democratic Socialist President

New Delhi PATRIOT in English 5 Aug 83 pp 1, 7

[Text] "It is the Congress-I's deliberate policy of drift which is responsible for the situation in Punjab," says Mr H.N. Bahuguna, the president of the Democratic Socialist Party, adding that this policy of drift is obviously aimed at keeping the burning issues live so the party can paint the Opposition black in the eyes of the people and reap possible electoral benefits even at the cost of national interests.

Mr Bahuguna says that had the Union Government really intended, the Punjab problem could have been resolved amicably. It could be done even today but the Government and the ruling party do not want it.

The following are Mr Bahuguna's replies to our questions:

Q. 1. What are your views on the Akali demands with special reference to (a) Distribution of Ravi, Beas water, (b) Chandigarh, (c) Abohar and Fazilka (d) All India Gurdwara Act, (e) Anandpur Sahib resolution?

A. The basic question is that what is the history and genesis of these demands? From where do these demands spring and what is the response of political parties and the Government to these various phases through which we have reached the current stage.

The Akali Dal demands can be divided into three heads: (1) religious demands, (2) territorial demands, and (3) politico-economic demands. It is exactly with this type of categorisation that bipartite talks between the Akali Dal and the Government, the tri-partite talks called by the Government, and the 30 June Opposition meeting had taken note and dealt with. The Union Home Minister's statement on Punjab has clearly reiterated the acceptance of religious demands including the enactment of an all-India Gurdwara Act.

I, therefore, see no ground for the Government not moving in the direction of resolving religious demands including the enactment of the said Act. If the Akali Dal is asking for such an Act, it only proves that it is not thinking of the possible existence of the Sikh community except within the framework of the Indian republic.

So far as distribution of the Ravi-Beas water is concerned, the Akalis had agreed to limit the matter to the question pertaining to the sharing of water by Punjab and Haryana. Yet, the Government and the ruling party keep repeating as if the share of Rajasthan was also still open.

Our party's stand, which was shared by the participants at the 30 June meeting, is that distribution of Ravi-Beas water between Punjab and Haryana has not been settled. Those that swear by 1976 award of the Union Cabinet forget that Punjab was not a party to that settlement. Therefore, 1976 award is a nullity in the eyes of law.

Our view is that a dispute exists between Punjab and Haryana on sharing of water and the only way to solve it is to refer it to a tribunal to be constituted by the Chief Justice of India on request from the Union Government. Our only suggestion is that while the chairman of the tribunal under the law be a judge of the Supreme Court, the other two judges who have to be appointed under the provision of the law should also be judges of the Supreme Court. We are saying this because a three-judge Supreme Court tribunal will naturally become acceptable to all concerned.

#### Chandigarh

There is not a single instance when the question of a capital was not decided along with the division of a State. Therefore, from 1966 to 1982 the issue remained unresolved. Who is to be blamed for this except Mrs Gandhi, who has been the Prime Minister for more than 14 years now ever since the Punjab State was bifurcated.

We share the consensus arrived at by the opposition parties and find no justification for Chandigarh not being made the capital of Punjab. After all, Chandigarh was built as the capital of Punjab. We, however, feel that in view of the complications created by the ruling party, while Chandigarh becomes capital of Punjab Haryana is given some territory besides financial assistance to build its new capital.

So far the question of Anandpur Sahib resolution is concerned, we are against creating a State on the basis of religion. As for the need for the review Centre State relations, we believe the time has come for such a review. In any case the issue was not raised by the Akali Dal for the first time. The CPM, the DMK have earlier raised this question. The DMK even constituted Justice Rajmanner Commission. Why then blame the Akalis and brush them secessionists by referring to the so-called Anandpur Sahib resolution which reads differently in Punjabi (Gurmukhi) and in English and Hindi. I can quote from Mahatma Gandhi and Jawaharlal Nehru's writings and from the present Prime Minister's many speeches in which Sikhs are referred to as a brave

"kaum" not meaning nation but caste. However, I do not agree with those who equate "kaum" with nation. The autonomy of the State is sine quo non for maintaining the integrity of the country. This autonomy, however, must reflect in real the panchayat raj system having power at every level from villages upwards.

Q. 2. Should the police enter Gurdwaras to apprehend criminals? How can criminals be prevented from taking shelter in Gurdwaras and other religious places?

A. I am of the view that criminals should get no shelter in religious places. But if the ruling party releases people without bail or trial and then starts calling them criminals, I am sorry they are playing politics. Law and order instruments will be successful to the extent they perform their duties while keeping the sensitivities of the people in mind.

Q. 3. Now that a stalemate has been reached in talks, what steps in your opinion the Government should take to break the deadlock?

A. I think the Government should revive the tripartite forum negotiation table and begin with afresh by discussing points which remained unresolved.

Q. 4. What steps should be taken to fight the extremist and terrorist elements?

A. All parties should jointly educate the people and build public opinion against extremist and terrorist elements to whichever community they may belong. Peace committees at all levels and non-official forces composed of all communities will alone end the deep crisis of confidence which has overtaken Punjab, in particular, and the rest of the nation in general.

Q. 5. In what way you and your party will like to contribute in the solution of the Punjab problem?

A. Our party is propagating these views by holding public meetings and educating public opinion on the lines aforesaid.

Q. 6. The rise of Sikh extremist elements and the slogan of "Khalistan" have drawn the attention towards the danger of religious fundamentalism. What short-term and long-term measures should be taken by the Government, the people and the political parties to effectively curb this danger?

A. "Khalistan" is the slogan of perverse elements. The 30 June meeting was successful in securing from the Akali Dal also a reiteration of their "unequivocal opposition of the demand of 'Khalistan' as well as acts of violence and hatred. The only way to fight these elements is to forget narrow, partisan political interests which appear to be dominating the attitude or approach of the ruling party in dealing with the Punjab situation. We are committed to work for a secular, socialist united India. We are pledged to fight the forces of disintegration rather than seek their help in elections as has been the record of the ruling party at the Centre in every part of the country, specially Tripura and recent municipal elections in Karnataka.



BJP General Secretary

Calcutta THE STATESMAN in English 6 Aug 83 p 4

[Text] Bangalore, Aug 5--The BJP general secretary, Mr L.K. Advani, said yesterday that his party was in favour of a two-pronged approach to the Punjab situation.

He told a Press conference that violence and terrorism in the State must be dealt with with a firm hand. He noted there was a recrudescence killing and violence in Punjab.

Without mentioning the Congress (I) by name, Mr Advani said: "I hold the ruling party principally responsible for the Punjab situation. However, I am not willing, as some other parties have done, to absolve the Akalis of blame for their share of the situation."

Stating that the Congress (I) had come to believe that a continuing unrest in Punjab was to its election advantage, the BJP leader said this was an "absolutely myopic approach." What was at stake, he said, was not the election fortunes of this party or that party but the unity and integrity of the country.

Mr Advani wanted the Government to pursue tripartite talks on Punjab to solve the political problems and river waters and territorial disputes. He said that earlier rounds of talks had yielded "substantial results" and the differences had been narrowed down. The BJP leader said there was fresh infiltration from Bangladesh to Assam, West Bengal and Bihar. What was needed, in his opinion, was that the border with Bangladesh be sealed first. In fact, a decision to this effect had already been taken and this needed to be implemented immediately. The Government's decision to go ahead with the appointment of tribunals to identify foreigners should come next.

Mr Advani said he was not able to understand why the Government was proposing to introduce an amendment to the Constitution providing for readjustment of boundaries of Lok Sabha constituencies without changing the number of seats. Also, the amending Bill proposed making some reserved constituencies into general constituencies and vice versa. He said this had caused a lot of uncertainty which was uncalled for an unwarranted.

Forward Bloc Leader

New Delhi PATRIOT in English 6 Aug 83 pp 1, 7

[Text] "The Punjab problem can no longer be viewed as a problem of Punjab or a few neighbouring States alone," says Forward Bloc leader Chitta Basu, adding: "The Punjab problem has to be viewed as a national problem because it concerns the very unity and integrity of the country."

He regrets that instead of taking a broad political approach to resolve the tangle as the national interest demands, the ruling party at the Centre has taken a narrow partisan approach to the issues involved. The manner in which



the Congress-I has handled the matter all these months exposes it to the obvious charge that it is more keen on securing electoral benefits for itself from this problem than on solving the problem.

Mr Basu regrets that while the Opposition by and large has been offering cooperation in solving the Punjab problem, the Prime Minister has been going round the country blaming the Opposition parties. This is highly improper. This further complicates the issue. It serves only to erode the credibility of the ruling party.

Even at this stage, I would urge the Prime Minister not to indulge in such invectives against the Opposition and, instead, try to work out a political solution of the issue. As for our own party, we shall continue to offer our cooperation in solving this national problem.

The following are Mr Basu's replies to our questions:

Q: What are your views on the Akali demands with special reference to (a) distribution of Ravi-Beas water, (b) Chandigarh, (c) Abohar and Fazilka, (d) All-India Gurdwara Act; and (e) the Anandpur Saheb Resolution?

A: The Akali demands can be broadly categorised as "democratic" and "religious." As far as the "democratic" demands are concerned, there are well-settled norms for coming to a decision on these. For example, the issue of water distribution can be settled in accordance with the provisions of the Inter-State River Disputes Act or through the Supreme Court. This principle was approved at the tripartite conference as also at the 13 June meeting of the Opposition parties. Although the Akalis had at first demanded reference of the issue to the Supreme Court, they had afterwards expressed willingness to go by the provisions of the Act.

For settling territorial issues also there are established norms like language, contiguity, and taking a village as a unit. As for Chandigarh specifically, it is a city within Punjab and should not be linked with other territorial disputes. It should go to Punjab. Other territorial disputes can be settled on the basis of above-mentioned norms.

I must say that a consensus had been reached on the two major issues of water distribution and Chandigarh but the Centre did not pursue the matter along the line of the consensus. It kept following a policy of drift, which further complicated the situation.

As for the Anandpur Saheb resolution, our party feels that the resolution appears to contain seeds of cessation. We are opposed to any kind of separatism. Therefore, we are very clear in opposing the Anandpur Saheb resolution. However, the demands for more powers to the States or larger State autonomy are democratic demands which our party supports.

On the demand for an all-India gurudwara act, a consensus had been reached. To be more exact, the ruling party had accepted the demand. I am informed that the management committees of gurudwaras have endorsed the proposal.

All the Opposition parties have committed themselves in favour of the proposal at their meeting. It is now for the Government to implement it. Unfortunately, the ruling party is raising one plea after another to delay action on this.

Q: Should the police enter gurudwaras to apprehend criminals? How can criminals be prevented from taking shelter in gurudawaras and other religious places?

A: As a principle, we are opposed to any religious place being used or allowed to be used as a sanctuary for criminals. The Akali leadership should take steps to see that the holy places are not used for hiding by any anti-social elements. To prevent criminals from taking shelter in religious places, the police and other authorities should handle the situations with caution and tactics which do not injure or rouse religious sentiments.

Q: Now that a stalemate has been reached in talks, what steps in your opinion the Government should take to break the deadlock?

A: The Government should resume dialogue with the Akali leadership. We request the Prime Minister to take the initiative in this regard.

Q: What steps should be taken to fight extremist and terrorist elements?

A: Extremism is a political phenomenon. It develops in a particular context of the political situation. Extremism can be fought politically. Coming to the concrete case of Punjab, I must say that the policy of drift which the ruling party has pursued all this time in dealing with the just and democratic demands of the Akali leadership has further strengthened the extremists in Punjab even among the Akalis at the cost of moderate leadership.

A quick and just solution of the problem is necessary to isolate the extremists from the broad Sikh masses. Then, mass political campaigns by all the parties should be launched to combat the extremist elements.

We had demanded a white paper on extremist activities and their links with foreign agencies so as to provide a weapon to the people to enable them to combat the extremist elements. Unfortunately, the Government has turned down the proposal.

Q: In what way you and your party will like to contribute to the solution of the Punjab problem?

A: By strengthening the democratic and secular forces in Punjab. The immediate objective of all democratic and secular forces should be to campaign for communal harmony. We shall also contribute all that we can to mobilise the people in this direction.

Q: The rise of extremist elements and the slogan of Khalistan has drawn the attention towards the danger of religious fundamentalism. What short-term or long-term measures should be taken by the Government the people and the political parties to effectively curb this danger?

A: Fundamentalism of different religious hues is on the ascendance. It is therefore the imperative duty of all democratic and secular forces to launch an intensive campaign against such tendencies and forces. The National Integration Council can play a great role in this direction. At the same time, the Government must act speedily and effectively to redress the genuine grievances of different religious minorities so that fundamentalists can be isolated from the broad masses. It is the failure of the Government in this sphere which provides the breeding ground to fundamentalists of all sorts. At the same time the Government and the ruling party leaders must not only preach but also practise secularism in the true sense of the term.

Revolutionary Socialist Leader

New Delhi PATRIOT in English 7 Aug 83 pp 1, 7

[Text] "Home Minister P.C. Sethi's recent stand of referring the questions of distribution of Ravi-Beas waters and Chandigarh and other territorial issues to separate commissions indicates that the Centre is hardly serious in finding an agreed solution to the various questions that have been agitating the minds of the Akalis, in particular, and the people of Punjab in general," says Revolutionary Socialist Party leader Tridib Choudhury. He feels that the Akali demands with regard to issues concerning Punjab and demands of the Sikhs have been allowed to drift "for too long."

The differences between the Centre and the Akali leadership had narrowed down "to a large extent" in the tripartite talks among the Union Government, the Akalis and the Opposition leaders some time ago, he adds, but he regrets that no further move was initiated by the Centre to resolve the remaining differences.

"And the result is that the stalemate continues," he asserts.

Mr Choudhury says the meeting of the various Opposition parties in New Delhi on 30 June had reached a consensus on the basis of which a dialogue have resumed by the Centre with the Akalis.

"It seems that the Union Government has ultimate electoral and political consideration in view in not finding an immediate solution to the problems. Solutions could be easily found if negotiations were resumed," adds the RSP Lok Sabha member.

The following are Mr Choudhury's replies to our questions:

Q: What are your views on the Akali demands with special reference to (a) distribution of Ravi-Beas water, (b) Chandigarh, (c) Abohar and Fazilka, (d) All-India Gurdwara Act, and (e) the Anandpur Sahib resolution?

A: With regard to distribution of Ravi-Beas waters, I think this could be referred either to the Supreme Court or settled in terms of the Inter-State Waters Disputes Act which, practically means, referring the matter to a judicial commission appointed by the Chief Justice of India. These differences have very much been narrowed down and the Akali leadership is prepared to accept the verdict of the Supreme Court or the commission appointed under the Inter-State Waters Disputes Act, as the case may be.

So far as Chandigarh is concerned, it is the firm opinion of our party that it should go to Punjab as originally decided. The question of Abohar and Fazilka and other territorial adjustments between Haryana and Punjab could be settled on well-known principles of linguistic population basis through mutual discussion.

There should be no objection to the passing of the All-India Gurdwara Act because the managing committees of all the major gurdwaras have agreed to the passage of the Act and accept the centralised control of the gurdwaras.

So far as the Anandpur Sahib resolution is concerned, we support the democratic content of the resolution with regard to the restructuring of the Centre-State relations with greater power to States. We, however, feel that there are some secessionist overtones in parts of the resolution which we do not accept. But the talks our party had with the Akali leadership have convinced us that the Akalis do not stand for secession or disintegration of the country. On that basis there should be no difficulty in considering the demand for giving larger political and financial powers to the States which, we think, is the main concern of the Anandpur Sahib resolution.

Q: Should the police enter gurdwaras and apprehend criminals? How can criminals be prevented from taking shelter in gurdwaras and other religious places?

A: The police should follow the present convention of not entering the gurdwaras without the permission of the religious authorities, and if any criminal takes shelter in a gurdwara or any religious place, the religious authorities should be asked to hand the criminal over to the police.

Q: Now that a stalemate has been reached in talks, what steps in your opinion the Government should take to break the deadlock?

A: The stalemate in negotiations with the Akalis can be broken on the basis of the consensus reached at the Opposition parties meeting in New Delhi on 30 June. The ball is in the court of the Centre and it should immediately take a positive initiative for resumption of talks with all concerned.

Q: What steps should be taken to fight the extremist and terrorist elements?

A: The extremist and terrorist elements can be fought back only by political means and by accepting the reasonable demands put forward by the Akalis through positive negotiations and goodwill. However, if the situation is allowed to drift, the extremist elements would get encouragement in their disruptive activities.



Q: In what way you and your party will like to contribute to a solution to the Punjab problem.

A: So far as our party is concerned, we are always prepared to join hands with all the Opposition parties and also with the Government in reaching a negotiated settlement of the Akali demands, which is also the objective of the Akali Dal.

Q: The rise of Sikh extremist elements and the slogan of "Khalistan" have drawn the attention towards the danger of religious fundamentalism. What short-term and long-term measures should be taken by the Government, the people and the political parties to effectively curb this danger.

A: The extremist elements among the Sikhs or the supporters of the "Khalistan" have no mass support and are not likely to acquire any sizeable mass base in the near future. They can easily be isolated, provided the Centre takes positive initiative in resuming negotiations with the Akalis. The Akali leadership has made it clear that they are against the demand of "Khalistan" or any secessionist demand on the basis of religious separatism.

CSO: 4600/1501



**CPI STAND ON ASSAM ALIENS; HOME MINISTER'S REMARKS**

New Delhi PATRIOT in English 4 Aug 83 p 4

[Text] Gauhati, Aug 3--The CPI position on the vexed aliens' issue in Assam has undergone a noteworthy change since the Assembly elections in February this year.

The State unit of the party, departing from its earlier stand has now openly come out in favour of dispersing outside Assam at least a section of those foreign nationals who had entered the State between 1961 and 1971 and have not been granted citizenship certificates or resettled with Government aid subsequently.

The party has also called for an early detection of the post-71 infiltrators. This demarcates the CPI stand from that of the CPI-M which has been demanding that 1971 be treated as the final cut off year.

The two Communist parties are partners in the Opposition Left and Democratic Front in the State.

The present position of the CPI was revealed in the memorandum recently submitted to Prime Minister Indira Gandhi and the decision of the party's State unit marks a departure on two counts: It admits the need for renewed negotiation in the question of the 1961-71 entrants and lays emphasis on early detection of post-71 infiltrators.

The shift in the CPI position might have repercussions on the future of the opposition parties front.

The State unit of the All-India Communist Party led by Mr S.A. Dange has, however, welcomed the CPI change of views.

The CPI-M and several minority organisations have been demanding that detection of post-71 infiltrators should start only after the modalities for detection have been finalised in consultation with all concerned parties.

The AISF (students wing of the CPI) has also come out in favour of the change in party lines and is planning to start campaign for the settlement of the foreigners issue on the new lines.

## Tribunals by Oct

A PTI report from Delhi adds:

The 20 odd tribunals being set up to identify foreigners in Assam will start functioning by October Home Minister P.C. Sethi announced in the Lok Sabha on Wednesday.

Answering a volley of questions on the foreigners issue, he said the doors for negotiations were not closed. Time and again the Government had made it clear that it was prepared to restart the negotiations.

"But we are prepared to start the negotiations after congenial atmosphere takes place there," he said, adding, "our position is clear. We will go by the 1971 cut off year."

Mr Sethi said the All Assam Students Union (AASU) had insisted 1961 as the cut off year. There was no agreement.

On the tribunals, he told Mr Chitta Basu and Dr Karan Singh that the Centre had written to various State Governments to give the names of requisite personnel. The replies were still not complete. Additional incentives would be given to these personnel.

The Home Minister said his Ministry had put forward this proposal of incentives to the Finance Ministry. The Finance Minister was closely examining the proposal and "we hope he will sanction it."

The Home Minister said AASU and leaders of other organisations carrying on the agitation in Assam never allowed the tribunals to function. It was only after the elections the process was hastened. These tribunals would start functioning by October.

He said the State Government was taking all the steps necessary to stop the influx (of refugees from Bangladesh). Preparations were made to strengthen the border from all parts. The Assam Government had put a proposal for having barbed wire fencing. This was under the consideration of the Centre.

Mr Sethi agreed with Mrs Geeta Mukherjee that the tribunals start functioning. The guidelines were framed in consultation with the State Government.

Earlier, Minister of State for Home N.R. Laskar informed Mr Ajoy Biswas that detection of 'foreigners' was a continuous process since 1952. Out of 1,30,878 foreigners detected, 1,09,750 were deported.

In reply to the main question by Mr Biswas and Mr Chitta Basu, the Home Minister said the tribunals set up under the Foreigners Tribunal Order of 1964 had been in existence in Assam. Their number varied from time to time. Certain modifications in the scheme of foreigners tribunals, so as to make them more effective, were under consideration.

CSO: 4600/1504

PRESS REPORTS ON FORTHCOMING VISIT OF ROK PRESIDENT

Announcement From Seoul

New Delhi PATRIOT in English 7 Aug 83 p 3

[Text] Seoul, Aug 6 (PTI)--South Korean President Chun Doo Hwan will pay a State visit to India from 11 October, it was announced here yesterday.

He will be the first South Korean Head of State to visit India.

Mr Chun will meet Prime Minister Indira Gandhi and President Zail Singh, and exchange views on international and regional situations, a presidential spokesman said.

South Korea has emerged as India's 16th largest trading partner (outside OPEC) and the first summit between Mrs Gandhi and President Chun is likely to give what the Indian Embassy here described as a "tremendous fillip" to bilateral relations.

Mutual trade last year touched a new record of 500 million dollars worth.

Mr Chun will reach Delhi after concluding his visit to Burma and will leave for Sri Lanka on 14 October.

The spokesman expressed the hope that the situation in Sri Lanka will be normalized before the President's visit. South Korea has massive investment in Lanka. Mr Chun will later go to Australia, New Zealand and Singapore.

South Korea has become the world's third largest importer of Indian iron-ore and the spokesman said "we would like to increase the volume of two-way trade."

"We place special importance on the proposed visit to India, the spokesman told PTI, "because India is the leader of the non-aligned."

In a recent conspicuous trend, Seoul, a leading US ally, is reaching out towards the Non-Aligned Movement and the spokesman said "we would like to expand relations with the Third World."

The visit takes place on the eve of the tenth anniversary of the upgrading of bilateral diplomatic relations and the spokesman welcomed any possible cooperation from India in the unification of the troubled peninsula.

"We welcome any cooperation," the spokesman said, "which will help reunification. We think that India is in a very important place from where it can help this cause."

The President's entourage includes Mrs Chun, Foreign Minister Lee Bum Suk, Deputy Prime Minister Suh Suk Joon and Commerce-Industry Minister Kim Dong Whie.

Soon after India liberalized imports in 1979, South Koreans have made inroads in India and have become suppliers of capital goods, making India their 10th largest market.

India suffered a deficit of 200 million dollars last year and will end up with a larger deficit this year, said embassy sources.

#### Topics for Discussion

New Delhi PATRIOT in English 13 Aug 83 p 7

[Text] Seoul, Aug 12 (PTI)--South Korea, one of the world's largest exporters of textiles, is likely to discuss, during the New Delhi Indo-South Korea summit on 12 October, protectionism and other trade barriers imposed by the West on Third World exports.

The first ever visit of a South Korean Head of State to India will also provide President Chun Doo Hwan a new opportunity to explain his concept of what he calls "South-South cooperation in the spirit of self-reliance." He arrives in New Delhi on 12 October.

"The visit stemmed from the conviction of beef up regional cooperation among the Asian states," he was quoted as saying on Wednesday.

During the sudden media blitz following the visit's announcement 'chae samnsae gae' (Third World), has become a catch word in Seoul, most of whose world trade of about 45 billion dollars is linked with the West.

South Korea, a leading US ally, is for the first time turning towards the Third World.

Mr Chun's first visit to socialist Burma from 8 to 11 October is explained here in this context. From India he will visit troubled Sri Lanka whose ethnic violence has caused uneasiness in industrial circles here.

After Singapore, Seoul is increasingly becoming a leading foreign investor in the island country.

Mr Chun's recent overtures towards the Third World--Seoul is not the member of NAM--are welcomed by New Delhi and Indian embassy sources in Seoul said that India would like to increase trade with South Korea eventually bridging the trade gap.

Last year bilateral trade registered a gap of about 200 million dollars in Seoul's favour.

With an impressive 8 percent GNP growth, Seoul has recovered from recession and India boosted its exports to 90 million dollars, up from last year's 38.33 million dollars during the comparable period.

Against the South Korean exports of 180 million dollars during the first five months, India exported for the first time naptha worth 11.20 million dollars, almost crossed last year's total shipment of cotton and touched a new record 55 million dollar supply of iron ore.

Seoul wants to import ore this year worth 86 million dollars--a jump of 20 percent over last year.

#### Indian Ambassador's Remarks

SK060154 Seoul THE KOREA HERALD in English 6 Aug 83 p 5

[From the Special Feature, "Views of Ambassadors"]

[Text] Indian Ambassador Arundhati Ghose said yesterday that President Chon Tu-hwan's state visit to her country will give "a political push" to Korean-Indian relations.

Saying that the bilateral diplomatic relationship, 1973, remained "dormant" until recently, she expressed the hope that the forthcoming visit will contribute to expanding across-the-board relations.

In an interview she said the two countries have "too little information about each other" and have sometimes had "misunderstandings."

She said President Chon's visit will "help both countries know each other better and clear misunderstandings," adding that they have a little complex situation between the two. She did not elaborate further.

Korean-Indian cooperation was particularly notable in the economic and trade sector, she said. "The two-way trade in the first five months of 1983 is already the same as it was in 1980."

While trade volume registered more than \$200 million in 1980, she said, it reached \$270 million by the end of May and is expected to grow to \$700 million by the end of 1983.

She said the two governments agreed to increase trade volume to \$1 billion by 1986, at a trade meeting held in India in May this year.



The Korea-India Joint Business Council, a meeting between the Korea Chamber of Commerce and Industry and the India Chamber of Commerce and Industry, has been meeting for the last three years to promote economic cooperation between the two countries, she said.

Another meeting, the Korea-India Joint Economic cooperation Committee, recently agreed to promote joint ventures abroad as well as in both countries, she said. It is a meeting between the Federation of Korean Industries (FKI) and the FKI's Indian counterpart.

However, she said, the trade gap now in favor of Korea is growing fast as the volume increases. She said Korea exported \$180 million worth of goods to India in the first five months of this year but imported half as much.

"We are not very much worried now but we'll get worried next year because the gap is growing as trade grows," she said. "We have been trying to make as much contact as possible on the trade and economic side."

She said, "President Chon's visit, we hope, will give it a push."

The two countries have agreements on scientific, technological and cultural cooperation as well as an economic and trade agreement, she said.

The two countries, she said, will have a new three-year cultural exchange program. A proposal has been made for the exchange of students, scholars and Buddhists from 1984 to 1986, she said.

Saying that India will welcome President Chon as a leader of a developing country, she revealed that "we have noticed Korea is opening up relations with other developing countries."

"We have also been stressing the importance of promoting cooperation among developing countries," she said. "The President's visit will be a very important element in pushing this."

The woman ambassador said, "What Korea is doing is very important to developing countries. For example, the EPB minister has just announced a revision of the development plan and we are watching how Korea is adjusting to achieve what it wanted to achieve."

9459

CSO: 4600/1506

## CPI PROPOSALS ON CENTER-STATE RELATIONS TOLD

## Constitutional Changes Suggested

Madras THE HINDU in English 10 Aug 83 p 11

[Text]

NEW DELHI, Aug 9.

The Communist Party of India (CPI) is of the view that Centre-State relations should be restructured to give wider legislative and financial powers to the States and certain constitutional provisions like Article 356 (provisions in case of failure of constitutional machinery in the States, and those relating to the authority of the Governor, should be amended.

But, it thinks, the powers of the Centre need not be restricted to defence, foreign affairs, communications and currency, as suggested by some parties like the Akali Dal, the AIADMK and the DMK.

Releasing the tentative proposals of the party on Centre-State relations at a news conference here today, the CPI General Secretary, Mr. C. Rajeswara Rao, said the Commission set up for the purpose should be appointed under a resolution of Parliament.

This was important, for this would deprive the Government of the opportunity of tinkering with the Commission's terms of reference as had already happened. He also felt that the personnel of the Commission should be chosen by Parliament and not by the Government.

The CPI is firmly opposed to all divisive and separatist tendencies and demands which seek to undermine the integrity of the country.

The Centre would be hindered in its discharge of its duties in maintaining national unity, furthering national integration and strengthening the economy if it is left with

powers to deal only with defence, foreign affairs, communications and currency.

But the CPI thinks that in the interest of the country's integrity, Article 370 of the Constitution, which gives Jammu and Kashmir a special status, should remain.

The CPI has demanded that Parliament's right to make laws on the subjects enumerated in the State List (List II of the Seventh Schedule to the Constitution) should be removed.

Similarly, Article 252, which empowers Parliament to legislate for two or more States on being requested by the States, should be deleted, and the residuary powers of legislation vested in Parliament in terms of Article 248, read with Entry 97 of the Union List, should be confined only to matters concerning national security and unity.

**President's rule:** The CPI wants abridgement of the powers now vested in the Centre under Article 356 to impose President's rule, but recognises that, if Parliament decides that elections cannot be held in a State within four months from the dissolution of the Assembly, President's rule might become necessary for a specified time.

It wants the powers of the Governor to withhold assent to a Bill or to reserve a Bill for the President's assent except under Article 268 (2) to go. All Bills passed by a State Legislature should automatically become law.

**Powers of Governor:** The powers of the Governor in relation to the Council of Ministers should correspond to the powers of the President in relation to the Union Council of

Ministers. The only exception should be the Governor's special responsibilities towards the Scheduled Castes and Tribes under the Sixth and the Seventh Schedules.

The concept of the Governor being an agent of the Centre should go and the Governor should be appointed from a panel approved by the State Legislature concerned and should hold office at the pleasure of the State Legislature.

The CPI's proposals would be placed before a meeting of the Opposition parties expected to be held in Srinagar in September, to deal with a number of other issues as well.

The party wants that the Centre should have no powers over officials of a State Government and the All-India Service officers

in a State cadre should be under the complete control of the State concerned.

It wants that the system of nominating members to the Rajya Sabha should end and instead, the Rajya Sabha itself be vested with powers to co-opt members with special knowledge of arts, literature, etc.

**Divisible pool of taxes:** The CPI is in favour of Customs duty, export duties, excise duties, corporation tax, etc., brought into the divisible pool and would like the Finance Commission appointed on the basis of a panel prepared in consultation with the States and approved by Parliament.

The Planning Commission should be made a statutory body with a clear definition of its functions and authority.

### Further Details

New Delhi PATRIOT in English 10 Aug 83 p 8

[Text]

The CPI has demanded comprehensive changes in the Constitution to restructure the existing Centre-State relations to give the States "wider powers for raising resources and broadening their democratic initiative".

Party general secretary C Rajeswara Rao released a document on the subject on Tuesday containing 21 specific proposals.

The proposals have been prepared as the CPI contribution to the current debate on Centre-State relations and for presentation at the next meeting of the Opposition party leaders at Srinagar some time in the last week of September.

The document noted that the need for such restructuring had become urgent in the changed political conditions and in this connection referred to the "coming to power of several non-Congress governments and the growth of a new consciousness about their rights and needs for rapid development in various nationalities and the tribal people".

It stressed that the existing imbalances in Centre-State relations were being exploited by certain sections for furthering the interests of separatist and secessionist forces. While demanding restructuring of Centre-

State relations, the CPI said that it was, however, not in favour of restricting the powers of the Centre to mere four subjects (Defence, Foreign Affairs, Communications and Currency) as suggested by some sections.

The party said that giving wider legislative and financial powers to the States will enable them to meet the needs of development consistent with the unity and integrity of the country and its planned, integrated and all-sided growth.

Asked about the Sarkaria Commission, Mr Rao said that his party's demand was that any such commission must be appointed by a resolution of Parliament and not by the Government.

He added that his party wanted only some amendments in the Constitution and not overhauling of the Constitution. The objective was to curb the arbitrary powers of the Centre. His party had, in fact, made these demands as early as in 1964 itself.

At the same time, he demarcated the CPI from other parties, especially parties like Akali, DMK, AIADMK, which speak of only four powers to remain with the Centre. The CPI did not subscribe to such view though it

wants more powers to the States. Such a stand, Mr Rao said, was harmful as there must be common plan and common development for the whole country. "We want the arbitrary powers of the Centre to go", like imposing the President's rule. From 1967, he said, President's rule was imposed for 64 times, according to one calculation. This was done, some time even to sort out the inner-party problems of the ruling party.

The arbitrary power to dismiss State governments must go and Article 355 must be amended to that effect. If no party has majority, fresh elections should be held in four months and Parliament, not the Election Commission, should decide if election cannot be held "due to such violence as disrupt normal life" and then permit imposition of President's rule for a specified time. Legislative powers of the States must be increased and the Centre should have no power to intervene in purely State matter. The Status of the Governor as the 'agent of the Centre must go'.

For financial resources, the party has suggested inclusion of several Union taxes in the divisible pool which should be shared on 50:50 basis. While party wants states to also raise more resources, it feels the

Centre gives too many concessions to monopolists. Mr Rao said that in 1961-62 of 220 big companies as many as 75 were exempted from all taxes.

The proposals call for deletion of Centre's powers under Articles 249 and 262 to legislate for the States, limiting residuary powers of the Centre under Article 248 to security and national unity, curbing powers to dissolve Assemblies and impose the President's rule under Article 356, and removing the Governor's power to withhold assent to Bills.

The Governors, the document says, should be appointed by Parliament out of a panel approved by the concerned State. The State legislatures should also have a say in the appointment of the judges of their High Courts. The Centre should have no power over the officials of the States and members of all-India services should also be under complete authority and discipline of the States.

Other suggestions call for retaining the special status of Jammu and Kashmir, full Statehood for Delhi, Goa and Pondicherry, and of all nominations to the Rajya Sabha in favour of cooptions, setting up of inter-State councils to deal with disputes between the States, and statutory status to the Planning Commission and the National Development Council.

## LEFT FRONT BELIEVES CPI-M, CPSU COMING CLOSER

Calcutta THE STATESMAN in English 11 Aug 83 p 7

[Text] The recent visit of Mr Jyoti Basu, a CPI(M) Politburo member, to Moscow and his speech at a reception by the India League in London are interpreted in the Left Front circle as indications that the Soviet Communist Party and the CPI(M) are coming closer.

It is pointed out, however, that his London speech and his meeting with the Soviet expert on India, Mr Ulyanovsky, the chief protagonist of unity of Left and democratic forces under the leadership of Mrs Gandhi should not be given undue importance. Mr Basu's call to Congress (I) leaders to fight divisive forces along with other political parties is nothing new and should not be construed as inspired by Soviet leaders.

The CPI(M) leaders, a source points out, have expressed themselves in no uncertain terms that they do not want to be isolated from the people by becoming a close ally of Mrs Gandhi and thus repeat the CPI's "mistake" during the pre-Bhatinda congress period. Mr Jyoti Basu is no exception and he must have conveyed the same sentiment to the Soviet leaders, including Mr Ulyanovsky. But at the same time the CPI(M) supports the Soviet policy in favour of a broad mobilization of democratic and Left forces in India against "American imperialism and Right reaction."

The CPI(M), it is now felt in the political circle, is riding two horses, the one of opposition and another cooperation with Mrs Gandhi. On the one hand, it is organizing, with the help of the CPI and other Left forces general strikes in Bihar, Orissa, Kerala and West Bengal and on the other giving support to Mrs Gandhi in Assam and Punjab against divisive forces.

On the Soviet side, it is pointed out, the CPI(M) has been given de facto recognition although officially the CPSU recognizes the CPI. In the last conference of the CITU, the CPI(M) sponsored trade union body held at Kanpur a few months ago, the Soviet sponsored World Federation of Trade Unions sent its delegation; the WFTU sent a similar delegation to its affiliated body, the CPI-sponsored AITUC. Similarly, the Soviet youth organization sent its representatives to both the conferences of youth bodies of the CPI and the CPI(M). This indicates that the CPSU intends to have a closer link with the CPI(M).



Our Special Representative in Delhi adds: A spokesman of the CPI(M) polit-bureau said in Delhi today that Mr Jyoti Basu had not discussed in Moscow with leaders of the Communist Party of Soviet Union the question of establishing formal fraternal relations between their parties.

Nor was the subject of the party to party relationship between CPI(M) and the CPSU mooted by the leaders of the Russian Communist Party, the spokesman said.

CSO: 4600/1516

INDIA

## POLICE ALLEGE POLITICAL INTERFERENCE

Calcutta THE STATESMAN in English 11 Aug 83 p 7

[Text] Chandigarh, Aug 10—Over 34 percent of the police personnel frequently face political interference in their work while another 32 percent experience it occasionally. Eighty-two percent sub-inspectors, 69 percent inspectors, 90 percent Deputy Superintendents and 100 percent Superintendents of Police have to put up with it some time or the other.

This is among the findings of a study based on 458 interviews with police personnel working in six States--Uttar Pradesh, Andhra Pradesh, Maharashtra, Tamil Nadu, Himachal Pradesh and Delhi.

The study was conducted by Mr S.A. Khan, an IPS officer of Haryana cadre while on a research fellowship at the Indian Institute of Advanced Studies, Simla.

He had depended on stratified random sample and analyzed data on computers. The interviews were held between 1977 and 1979.

The study, published recently by the Kurukshetra University Press, covers almost all the aspects of the police system in India, including its history, training methods and image.

Most of those interviewed said political interference hampered police functioning, though they differed on the extent--of disruption.

The study says the police organization has yet to prove its intellectual autonomy and professional maturity.

The study, conducted in accordance with the Eysenck model, found that police personnel experienced society's criticism bullying by seniors, victimization by politicians had fear of vehicular accidents and divine retribution.

The fears stem from psychological factors, lack of support and organizational shortcomings. These fears affect professional efficiency.

CSO: 4600/1516

## BALANCE OF PAYMENTS POSITION DETERIORATES

Bombay THE TIMES OF INDIA in English 19 Aug 83 p 10

[Text]

BOMBAY, August 18: India's overall balance of payments position deteriorated further and sharply during the first nine months 1981-82 in comparison to the same period in 1980-81, as reflected by the draft on reserves of Rs. 1,613 crores as against a decline of Rs. 516 crores during the preceding year.

If the receipts of Rs. 637 crores by way of borrowings from the International Monetary Fund under its extended fund facility during the year under review are excluded, the deterioration in 1981-82 would amount to Rs. 2,255 crores, whereas, excluding the IMF drawing under the compensatory financing facility net of repurchases from IMC and borrowings from the IMF trust fund, the draft on reserves in 1980-81 would work out to Rs. 1,327 crores.

As per the data published in the April 1983 issue of the RBI Bulletin, the current account deficit widened from a level of Rs. 1,657 crores in 1980-81 to Rs. 2,317 crores in 1981-82 on account of both the increased trade imbalance and a fall in net invisible receipts. Exports increased by Rs. 1,189 crores or 18.1 per cent in 1981-82 as against the rise of Rs. 375 crores or 6 per cent in the pre-

vious year. Imports, on the other hand, showed a decelerated growth in the year under review. In 1981-82, imports rose by Rs. 1,343 crores or 10.7 per cent, as compared with the increase of Rs. 2,946 crores or 31 per cent in the preceding year. As a result, the trade gap widened by Rs. 154 crores only from Rs. 5,967 crores in 1980-81 to Rs. 6,121 crores in 1981-82; the increase in trade deficit during 1981-82, however, was considerably lower than the rise thereof of Rs. 2,593 crores in 1980-81.

Under invisibles, net private transfer receipts at Rs. 2,221 crores were a shade lower than in 1980-81. Net official transfer receipts dropped by Rs. 144 crores in the year under review. The position relating to investment income and travel also deteriorated. Thus, a widened trade gap, combined with a decrease in net invisible receipts by Rs. 587 crores, accounted for a further deterioration in the current account deficit by Rs. 660 crores from Rs. 1,657 crores in 1980-81 to Rs. 2,317 crores during 1981-82.

The net capital receipts at Rs. 1,095 crores in 1981-82 were roughly Rs. 200 crores lower than in the preceding year.

CSO: 4600/1563

## INFILTRATION ISSUE RAISED IN LOK SABHA

Bombay THE TIMES OF INDIA in English 19 Aug 83 p 13

[Text]

NEW DELHI, August 18.

**M**EMBERS belonging to various sections expressed their concern in the Lok Sabha today over reported large-scale infiltration by Pakistani nationals into India.

Members urged the government to take preventive measures to check their infiltration through the border district of Kutch in north Gujarat and in various other parts of the country.

The matter was raised through a calling-attention motion tabled by Mr. Jaipal Singh Kashyap, Mr. Rasheed Masood, Mr. Rajarath Sonkar Shastri (all LD), Mr. Zainul Basheer (Congress-I) and Mr. Bapushah Parulekar (Janata).

## "GOVT. AWARE"

The Union home minister, Mr. P. C. Sethi, assured the members that the government was alive to the problem and various measures had already been taken to check infiltration.

Mr. Sethi said the government was not aware of any recent large-scale infiltration by Pakistani nationals into any part of the country along the Indo-Pak border.

Mr. Sethi said Gujarat-Pakistan border 512 km. long and there were 21 border check-posts set up by the border security force for checking illegal entry into India.

The government was considering a proposal to further strengthen vigilance by establishing a few more border outposts of the BSF.

Mr. Sethi said that during 1983 (up to June), the BSF apprehended 14 Pakistani nationals on Kutch border who were attempting to cross the border illegally. Local civil and armed

police were also deployed to check it.

Mr. Kashyap wanted some more check-posts to be set up. Mr. Rasheed Masood said that there should be no laxity on this score.

Mr. Sethi said that the number of check-posts would be increased although he could not say how many new ones would be set up.

## INTRUSION OF PLANES

Mr. Shastri referred to some newspaper reports which suggested intrusion of Pakistani planes into Indian space and those of some crash on a check-post in Jammu and Kashmir. He also wanted to know if some Pakistani infiltrators had mixed up with some Sikh extremists.

Mr. Sethi said that according to information available with him, India was fully prepared to meet any situation to protect its borders. However, he would convey the feelings of the members to the defence minister.

Mr. Zainul Basheer wanted to know if the culprits who unfurled Pakistani flag in Srinagar on August 15 were infiltrators from Pakistan. He also wanted to know if smuggling was rampant on the Indo-Pak border. He urged the government to maintain constant vigilance.

Mr. Sethi said that those involved in the Srinagar incident were citizens of Jammu and Kashmir and not infiltrators. The Centre had asked the state government to take appropriate steps against those found guilty.

Mr. Sethi said that there was no proposal to have barbed wire fencing on Indo-Pak border as there was no large-scale infiltration.

## COURT ACQUITS GANDHI IN ELECTION COMPLAINT

Madras THE HINDU in English 20 Aug 83 p 9

[Text]

BANGALORE, Aug. 19.

Mr. Justice N. D. Venkatesh at the Karnataka High Court today acquitted Mrs. Indira Gandhi (Prime Minister) of the charge under Section 31 of the Representation of the People Act after a memo was filed by the parties that the complaint was being withdrawn.

Mr. A. Neelakantiah, a resident of Doddaballapur, had filed a complaint before the Judicial Magistrate, Doddaballapur, to the effect that Mrs. Gandhi had filed a declaration through Mr. R. L. Jalappa in May 1978 before the Electoral Officer that she was a resident of Vishnu Ashram in Doddaballapur taluk and that she had prayed that her name be included in the voters' list of the Doddaballapur Assembly constituency.

The petition had contended that the declaration was false since Mrs. Gandhi was ordinarily a resident of New Delhi and, therefore, she was liable to be punished under Section 31 of the Act.

The Magistrate took the complaint on record and issued summons to Mrs. Gandhi who appeared before him in person on February 15, 1979. It was contended before the Magistrate that the complaint was not tenable on various grounds.

The Magistrate, by his order dated June 5, 1979, rejected her objections and posted the case for further proceedings. Mrs. Gandhi filed criminal revision petitions before the High Court, challenging the Magistrate's order.

The High Court admitted the petitions and stayed further proceedings before the Magistrate.

When the petitions came up for hearing today, a memo was filed to the effect that the complainant was withdrawing his complaint on advice of Mr. S. Nijalingappa, elder statesman.

CSO: 4600/1566



## SAKARIA COMMISSION MAY RECOMMEND CONSTITUTION CHANGES

New Delhi PATRIOT in English 20 Aug 83 pp 1, 7

[Text]

The Sarkaria Commission on Centre-State relations has been empowered to recommend necessary amendments to the Constitution, reports UNI.

This was announced by Home Minister P C Sethi in the Lok Sabha on Friday while replying to a discussion on a private member's resolution on Centre-State relations.

The commission is to submit its report to the government by the end of June next year.

Mr Sethi said the above provision had been incorporated in the terms of reference of the commission keeping in view the demand from certain quarters. He expressed the hope that the commission's recommendations would definitely be positive and acceptable to all.

Mr Sethi said the commission had already addressed letters to Chief Ministers. It would also entertain suggestions from leaders of various political parties.

Opposing Mr Amal Dutta (CPI-M's) resolution on the grounds that it virtually suggested 'abrogation' of the Centre, Mr Sethi said as the 'sky was limit' far as the Sarkaria Commission could recommend changes, including amendment to the Constitution, the member should withdraw his resolution.

Denying opposition allegations that the Centre was unnecessarily interfering in the non-Congress-ruled States, Mr Sethi assured that

the Government did not want to topple any State Government unless and until there was a 'constitutional breakdown'. He said: 'In spite of initial fears expressed by Tripura and West Bengal Governments, they are continuing and would continue'.

Winding up the discussions, Mr Dutta quoted extensively from speeches made by some very senior members from the Treasury benches in the Constituent Assembly and the Congress Party resolution at the time of Independence to drive home his point that even at that time the ruling party had promised to give greater autonomy to States.

According to him greater autonomy to States would check what he called 'arbitrary transfer of funds to States of Centre's liking'.

He expressed doubt whether the Sarkaria Commission would be able to function independently. He wanted a commission appointed by Parliament to go into the matter.

The House later rejected by voice vote the CPI-M member's resolution.

Those who took part in the resumed debate were Mr K K Murthy (Cong-I), Mr Bishwa Prasad (Cong-I), Mr C P Sallam (Cong-I), Mr Narayan Chaurse (CPI), Mr Abdul Rashid (NC), Mr Chandraseet Yadav (Janavadi), Mr Chitta Basu (FB) and Mr K P Unnikrishnan (Cong-@).

## PAPER REPORTS RAO ACTIVITIES IN BANGLADESH

Madras THE HINDU in English 22 Aug 83 p 1

[Text]

DHAKA, Aug 21

The External Affairs Minister, Mr. P. V. Narasimha Rao, today assertively described Indo-Bangladesh relations as "excellent" notwithstanding the existence of some issues and said the Joint Economic Commission (JEC) would go a long way in consolidating friendly ties.

Mr. Rao, who was addressing a press conference at the conclusion of the two-day second meeting of the JEC here, said some of India's decisions like erecting a barbed-wire fence along the Indo-Bangladesh border or the non-implementation of the Teen Bigha lease agreement would not affect relations.

Replying to questions on the proposed barbed-wire fence from Bangladeshi correspondents, Mr. Rao said the decision was "based on our experience, so there should be no question of our relations being affected by that."

Mr. Rao continued, "our experience has shown that it has not been possible to stop the crossing over." Asked if he would like to give estimates of the numbers crossing over, Mr. Rao said that he would not like to go into the figures, "but you can rest assured that without evidence and figures, we would not have come to a proposal like that."

(The suggestion to build a wall to prevent infiltration was made by the All-Asam Students' Union and the All-Asam Gana Sangram Parishad during the early stages of their talks with the Centre on the foreigners issue in that State. Subsequently, last month the Assam Chief Minister, Mr. Hiteswar Saikia announced that he had suggested the building of a border fence to the Central Government.

The fence, along the 3,300 km land border, will be in the area bordering the States of West Bengal, Assam, Mizoram and Meghalaya. It will be constructed in phases.

The Bangladesh Chief Martial Law Administrator, Lt. Gen. H. M. Ershad denounced the Indian plan at a rally in Chittagong on August 14, terming it an 'unfriendly act'.

On the implementation of the lease agreement on Teen Bigha, he assured the correspondents that there need be no anxiety. "India will implement the agreement as soon as the High

Court case in Calcutta over the issue was sorted out."

Mr. Rao said the bilateral land border agreement, which Bangladesh had already ratified, had not been approved by Parliament as the whole border had not yet been demarcated. "Our Parliament will ratify it as soon as the border is fully demarcated." This was a constitutional process, he added.

## 'Wrong information'

On Sri Lanka, Mr. Rao said the situation there was coming to normal. But rehabilitation "will take time and require massive efforts." The Minister firmly said, "your information is totally wrong", when a Bangladeshi correspondent asked if the Tamils of Sri Lanka had formed "a government in exile in India."

On Farakka, Mr. Rao said they simply touched upon the subject during his talks with the Bangladesh Foreign Minister, Mr. A. R. Shams-ud-Doha.

Asked if he had discussed the possibility of another summit meeting between India and Bangladesh, Mr. Narasimha Rao said the two heads of Government would meet in Delhi in October next during the Commonwealth conference. So there would be occasions for meeting between the two.

On Saturday, Mr. Rao called on the Bangladesh Chief Martial Law Administrator, Lt. Gen. H. M. Ershad. During a 75-minute meeting, they reviewed the international situation, bilateral matters and regional cooperation. The question of the barbed-wire fence was raised by Gen. Ershad. "We explained our compusions," an official spokesman said later.

## Agreement to be renewed

The second meeting of the Joint Economic Commission ended today on an optimistic note. In a joint statement, the Commission, besides identifying several projects on industrial cooperation and agreeing to increase the trade between the two countries to cut down the deficit in Bangladesh's balance of payments, resolved that the trade agreement, due to expire on October 3 this year, be renewed for another three years.

It was also agreed in principle to extend the protocol on inland water transport and trade, also expiring in October. Senior officials of the two countries would meet in New Delhi next month for discussions in this regard.

The statement said the committee on industries under the Joint Commission would coordinate the implementation of three projects — a sponge iron and steel complex, the Suma cement project and the modernisation of three sugar mills — for which India has offered collaboration.

Officials from the two countries will visit each other's capitals in the next two months for further discussions to bring these projects to fruition.

The two countries, however, made no progress on a proposed accord on providing railway transit facilities to Indian goods through Bangladesh, except agreeing to pursue the issue at the next meeting. India has indicated its willingness to help Bangladesh set up modern railway workshops. The two countries also proposed direct air and satellite telecommunication links between New Delhi and Dhaka.

Mr. Narasimha Rao and Mr. Shams-ud-Doha told newsmen that there were immense possibilities of diversifying economic cooperation between the two countries. —PTI, UNI.

CSO: 4600/1571

## RAO SPEAKS AT REGIONAL DISARMAMENT CONFERENCE

New Delhi PATRIOT in English 23 Aug 83 pp 1, 7

## [Text]

India has called for general and complete disarmament through a workable system of arms limitation and reduction instead of the 'arms control' thesis which failed even when it was a much simpler world without the threat of nuclear doom.

Inaugurating the Asia and Pacific Regional Conference on Disarmament, organised at the Vigyan Bhavan by the UN Department of Disarmament Affairs on Monday, External Affairs Minister P V Narasimha Rao said disarmament, with its roots in the instinct of survival, was bound to win eventually however tortuous and arduous the path and process may be.

The five-day conference is being attended by over 60 experts and representatives of non-governmental organisations and peace movements from 20 countries of the region. This is the first of such conferences to be organised under a UN plan for sparking off a world-wide movement of education and motivation to press on Governments for an end to the threat of a Hiroshima or a Nagasaki ever being repeated.

Mr Narasimha Rao's inaugural address set the tone for the special discussions dealing with issues of disarmament and development, the impact on the world economy and the urgency of catalysing the movement for disarmament into becoming a potent force for peace. Mr Rao however, cautioned against the fallacies of the past, the motivated efforts that "the unfortunate implications of control without disarmament or control by some States or by some group of

States over other States, or manoeuvring the arms race to the advantage of some States".

There was a ray of hope however, said Mr Rao, which would dispel such gloom. This was because of mankind's realisation that it had to disarm or perish.

Nuclear energy, Mr Rao said, had "never fully succeeded in living down its Hiroshima reputation", and stockpiling of nuclear weapons had "never looked back since then". The international community considered the goal of general and complete disarmament as attainable within a time frame. The time frame was, therefore, crucial.

Referring to the final document adopted by the first special session of the UN Assembly devoted to disarmament in 1978, he said it represented the international disarmament strategy, the validity of which was endorsed by the second special session in 1982. "No back-sliding from the final document can or should be permitted".

Disarmament discussions Mr Rao stressed, would have to be conducted on two levels—on the deliberative plane and the negotiating level. In the first, the views of all States should be sought while in the latter case, a small limited number of States should be involved.

"The acceptance of the principle of multilateral negotiations in disarmament represents a most significant achievement of the international community. The notion that disarmament can be the monopoly of a few powerful States has been rejected", he said.

Describing the launching of the world disarmament campaign

in 1982 as the most recent gain in the field of disarmament, the External Affairs Minister said, "It is a clear recognition of the fact that unless the common people everywhere, particularly in the nuclear weapon States and other militarily significant States, are actively concerned about the imperative and urgent need to halt and reverse the arms race and to make meaningful progress towards disarmament, the human race will continue to face the grave danger of self-annihilation".

In his welcome address, UN Under Secretary General of Disarmament Jan Martenson said that uncontrolled escalation of the arms race not only endangered international peace and security but was also a serious drain on resources urgently needed for economic and social development.

"The world is now spending more than one million dollars every minute on this grotesque race", he added.

Mr Martenson emphasised that the hope for a peaceful, just and stable world order depended on narrowing the gap between developed and developing countries. A balanced and generally acceptable pattern of global socio-economic development was inextricably linked to disarmament.

One reason for less pessimism about disarmament, Mr Martenson said, was that no single country or any alliance could, in the long run, cope with inflation, unemployment, recession and developmental cost and also spend well over 100,000 million dollars a year on arms.

## BRIEFS

**NEW DEFENSE VEHICLES**--New Delhi, Aug 10--The Vehicle Research and Development Establishment (VRDE) at Ahmadnagar in Maharashtra has developed for the first time in India, a series of wheeled vehicles (as distinct from the tracked ones) for the Army. While the latest annual report of the Ministry of Defence has only mentioned that "a study for the introduction of a new family of vehicles has been completed," the current issue of the authoritative International Defence Review from Geneva has come out with details, including pictures, of the prototypes. Seven prototypes of a half-tonne jeep-type vehicle, VV 501 'Toofan,' have been built and user-trials are now complete. Another item is the 'Rampar' amphibian--a truck which can carry up to 22 men. The Army's experience in the eastern sector in 1971 when a large number of troops had to be transported across rivers by helicopters led to its development. Its trials will begin shortly. 'Rampar' will cost Rs 2 lakhs apiece as against Rs 8 lakhs for imported amphibian trucks. The VRDE has also developed four prototypes of the two-and-half tonne 'Azad' multipurpose truck which can be used as a personnel carrier, field artillery tanker or missile launch vehicle.--PTI [Text] [Madras THE HINDU in English 11 Aug 83 p 9]

**NEW LIEUTENANT GOVERNORS**--Aizawal, Aug 10--Mr Harishankar Dubey today took over as the Lt Governor of Mizoram. Mr Justice Ibotombi Singh of the Guwahati High Court administered the oath of office and secrecy to Mr Dubey at a function at the Raj Nivas here. The Chief Minister, Brig T. Sailo, his Cabinet colleagues and the Assembly Speaker, Dr Kenneth Thawaliana, besides high military police and civil officials were among those present. In Itanagar, Mr T.V. Rajeswar today took over as the Lt Governor of Arunachal Pradesh. Mr Justice K.N. Saikia of the Guwahati High Court administered the oath of office and secrecy to Mr Rajeswar at a simple ceremony at Raj Nivas. The Chief Minister, Mr Gegong Apang, his Cabinet colleagues, members of the Assembly and officials were present.--PTI [Text] [Madras THE HINDU in English 11 Aug 83 p 16]



HIMACHAL CABINET RESHUFFLE--Simla, August 9 (PTI)--Mr Virbhadra Singh, Himachal Pradesh chief minister, yesterday reshuffled the portfolios of all his six cabinet ministers. Mr Virbhadra Singh has retained finance, industry, power, science and technology and language and culture and has shed the labour and employment, education, health and family planning portfolios. The horticulture and animal husbandry portfolios, which were also under the chief minister, has been given to Mr Guman Singh in addition to his portfolio of agriculture. Mr Sukh Ram, the public works minister, has been given additional portfolios of labour and employment, training, printing and stationery. While Mr Devi Singh, forest minister, gets health and family welfare, Mr Sant Ram, rural development minister, gets back his former portfolio of education. [Text] [Bombay THE TIMES OF INDIA in English 10 Aug 83 p 5]

INVITATION TO RAJIV--Congress-I general secretary Rajiv Gandhi, MP, has been invited to pay a visit to Yugoslavia. The invitation was extended by the President of the Union of Socialist Youth of Yugoslavia (USYY) Dragan Llic when he met Mr Gandhi at the head of a four member youth delegation on Friday, reports UNI. Mr Gandhi accepted the invitation. The dates of the visit will be finalised later. Talking to newsmen here on Saturday, Mr Dragan Llic said they discussed with Mr Gandhi the current international situation and the cooperation between Youth Cong-I and USYY. He said both the youth organisations have identical views on the various international problems. The delegation which was on a seven-day visit to this country visited HMT HAL factories at Bangalore, the Bhabha Atomic Research Centre (BARC) at Bombay and the Mathura Oil Refinery. The delegation left for home on Sunday. [Text] [New Delhi PATRIOT in English 15 Aug 83 p 5]

MITSUBISHI JOINT VENTURE--Tokyo, Aug 6--Mitsubishi Motors of Japan announced yesterday that it has been authorized by the Government of India to go ahead with its joint venture with the Indian agricultural machinery makers Eicher of Indore, reports PTI. Mitsubishi said it was expecting the necessary licence within this month and the joint company authorized by the Indian Government would be set up by the end of this year. The proposed venture will be capitalized at nine billion yen (about \$37 million). Mitsubishi's share in the capital will be 10 to 15 percent. The company will employ about 1,000 workers. Mitsubishi officials said production would begin in early 1985. Initially, a few hundred three-ton trucks a month will be assembled. By 1990 the Indore factory will make 90 percent of Mitsubishi's "canter" truck and annual production is to reach 12,000 that year. Mitsubishi is the third Japanese auto maker to have gone to India, and industry sources said the three other Japanese makers--Isuzu, Daihatsu, and Nissan--are currently conducting negotiations with various Indian parties. [Text] [Calcutta THE STATESMAN in English 7 Aug 83 p 11]

CSO: 4600/1505

# PRESIDENT DENIES ARMS DEALS WITH U.S., ISRAEL

Tehran TEHRAN TIMES in English 22 Aug 83 p 1

[Text] Mashhad, (IRNA)--President Ali Khamenei Saturday strongly denied allegations which said the Islamic Republic had dealings with the United States and the Zionist regime saying it was a conspiracy of the counter-revolutionaries to embarrass Iran by alleging arms purchases from these two enemies of God.

Speaking to a huge gathering at the courtyard of Holy Shrine of Imam Reza (AS), the 8th Imam of Household of prophet Mohammad (S), Saturday afternoon, the President stressed that the Americans intended to encourage the Islamic Republic to deal with them.

But, he added, Iran would never stretch its hands towards its old enemy although the U.S., the Zionist regime and some of their allies in the region were indebted in billions of rials to Iran in payments already made for arms, spare parts and repair equipment during the past regime.

President Khamenei emphasised that the Islamic Republic had enough manpower and arms to continue the Iraqi imposed war until the achievement of final victory.

He noted that the Islamic Republic respected those countries which had independent policies, adding that Iran would not yield to the will of the superpowers who intended to dictate to Iran to take a friendly or hostile attitude towards this or that country according to their (superpowers) interests.

If the Iranian nation had deviated from the path of the Islamic Revolution and had inclined towards either West or East, it would have not so many enemies plotting against its independence, the President said.

Referring to the recent outstanding achievements of the Islamic combatants, President Khamenei said that such victories annihilated rumours of the counterrevolutionaries that Islamic forces were exhausted.

Meanwhile, a group of bereaved families of the martyrs and disabled and injured of Val Pajr-2 and 3 operations met with President Khamenei the same day.

CSO: 4600/873

OMAN BLAMED FOR 'EXPANSION OF U.S. MILITARY PRESENCE IN REGION'

Tehran TEHRAN TIMES in English 24 Aug 83 pp 1, 4

[Text]

TEHRAN (IRNA) - Deputy Foreign Minister Ahmad Azizi, Monday strongly criticized the stand of Sultanate of Oman and said that the Muscat regime is acting in the interest of U.S. imperialism aimed at expansion of the U.S. military presence in the region.

Azizi was commenting on the recent statement of Omani minister of State for Foreign Affairs Yousef Al-Alawi Abdullah who urged the necessity of confronting the threat of the Islamic Republic in the Persian Gulf and the Straits of Hormoz.

Azizi said that Oman and the U.S. military ties are well known to everybody and the recent Omani hue and cry in the name of the security in the Straits of Hormoz clearly shows that the Sultanate wants nothing but to work in the interest of the U.S. imperialism which is against the interest of the deprived and oppressed nations of the region.

Again referring to the Omani move for asking a two billion dollars aid for the

safety belt of the Persian Gulf Azizi said that the Moslem nations of the region will never back such a proposal as it is also in the interest of the United States.

He reiterated the Iranian stand that Iran has every right to play a major role for the security of the Persian Gulf because it has the longest coastal border along that waterway.

He emphasised on keeping the Persian Gulf and the Straits of Hormoz free from the influence of the world oppressors specially the United States, adding that no pretext or excuse in the name of security will be accepted in this connection.

Azizi referred to another recent statement of the Omani foreign minister in which he appealed to the Arab nations to adopt a conciliatory attitude towards the Zionist regime and said that in this situation the presence of Oman in the Persian Gulf Cooperation Council (PGCC) poses a big question on the very nature of that organisation.

IRP ORGAN CLAIMS U.S. 'MANEUVERING AMONGST GUN-POWDER KEGS'

Tehran TEHRAN TIMES in English 22 Aug 83 p 2

[Text]

TEHRAN, (IRNA)— These days corridors of the U.S. defence department are crowded with U.S. generals bustling around with their war plan to get approval for the performance of joint maneuvers in a number of strategic countries in the Middle East and North Africa.

Thus began the morning daily Jomhuri Islami Thursday its editorial, entitled Washington and Maneuvering Amongst Gun-Powder Kegs, excerpts of the article follow:

These maneuvers are mainly conducted near centres of crisis in the Middle East and in Africa where interests of the west, especially those of the United States, are either at stake or on the verge of destruction.

The question which emerges is whether Washington is following a specific course and aiming at a definite goal under the cover of these maneuvers? To answer this question, it is necessary to review history of these maneuvers since the victory of the Islamic Revolution.

Prior to the triumph of the Islamic Revolution. The U.S. had stationed in Iran over 40,000 troops, ranging from top ranking advisors to privates, in a bid to make the toppled Shah's regime 'the gendarme of the region' it did not have to maintain a sizable military force then. By the same token costly maneuvers also were not deemed necessary.

The Islamic Revolution and its impacts on other Moslem countries throughout the world, made Washington to think of hindering the spread of the Islamic Revolution by proclaiming its military presence in the region and by showing off its power and capabilities to massacre of people.

In other words, before the Islamic Revolution Washington was in an offensive state due to its political and military status in the region, and therefore there was no need for such maneuvers since there was no country to dare to confront the U.S.

But after the victory of the Revolution and the loss of the 'Balance of Power' against interests of Washington and emergence of new power called Islam, Washington has assumed a defensive position.

The importance of the issue was discovered when a Pentagon spokesman, referring to the necessity of conducting such maneuvers, announced that such operations were essential to strengthening the morale of the friends.

Although this system failed to save the former defunct regime in Iran from downfall, Pentagon's military officials believe that a defeated experiment might lead to success in different circumstances.

These maneuvers assure reactionary regimes in the region of the U.S. support and at the same time warns opponents of these regimes, even if they comprise the whole population of the region there, to consider the military might of the war machine of the United States.

But this attitude itself reveals that Washington has lost its faith in the power of regional states and feels that it should embark on a direct military interference, for which it is being prepared. The United States has now realised that the time of propaganda harangue is over and it has to exhibit power flagrantly in order to save remnants of its prestige.

This is the second time that the United States embarks on conducting maneuvers in the region almost simultaneously with the observation of Hajj rituals.

U.S. President Ronald Reagan is going through his last year of presidency and thus needs a winning card to put before the opponent candidate. So far the White House policy has been to conduct several maneuvers in various parts of the world and then suddenly strike one particular point. It seems that this time it is Latin America's turn.

Moreover, these fresh maneuvers could be a good opportunity for experimenting new weapons as well as refurbishing U.S. bases in the region so that there would be no need for the establishment of air bridge and heavy transportation at crucial times.

However, the United States is resembling a wayfarer who has entered a dark and strange grove and is constantly thinking of possible dangers and, therefore, cannot enter the area which might well turn into another Viet Nam for it.



White House's overall pressure on its European allies to convince them for having military presence in the region, is now further increasing. The U.S. has come to the conclusion that all European countries having interests in the Middle East should defend their interests through military means as well as suppressing liberation movements and even establishing lackey regimes such as the Lebanese Phalangist, and the Zionist regime.

To exhibit its power in various corners of the world, Washington is now trying to increase the dimension of such maneuvers but it should consider that nations in the region have now turned into kegs of gunpowder stored dangerously close to open fire. The barrels may look quite safe and secure as long as the explosion has not occurred. But once it occurs then..

CSO: 4600/874

**REZA SHAH II ISSUES STATEMENT ON ANNIVERSARY OF GULF WAR**

GF201214 (Clandestine) Free Voice of Iran in Persian 1500 CMT 19 Sep 83

[Statement issued by Reza Shah II on the occasion of the third anniversary of start of Iran-Iraq war--date, place not given; recorded]

[Excerpts] My dear compatriots: It is with pride and sadness that I hail the noble spirit of all the soldiers and fighters who have attained martyrdom for the sake of ensuring the independence and national integrity of the country. Three years have passed since the start of the war. What has been the results of the war so far? Over 500,000 dead, wounded or disabled. Destruction of the largest refinery in the world and other expensive industrial installations, destruction of large cities, and over 2 million refugees. This is only part of the painful results of the war.

Currently the usurping ruling regime is using the excuse of the war and its continuation to mask its inadequacies in meeting the basic needs of the people. Today not only the invading forces but the entire world has realized that under no circumstances will Iranians forgo even one foot of their soil. Today the Iranian nation after a heavy and bitter experience has realized the cause of the decadence and has risen to uproot it. Today the eyes and ears of the majority of the unarmed and armed supporters of the regime have been opened and they are joining the population in droves. Today the Iranian nation wants to mobilize all its forces to expell the internal enemy who has forced its will on them. Today everyone knows that this is not a war between the two nations of Iran and Iraq. It is a personal vendetta of the heads of the regimes and the damages and suffering is unfortunately that of the Iranian nation.

CSO: 4640/360

# ISLAMIC JURISTS IN LONDON ISSUE ONE-MONTH NOTICE TO IRAQ

Tehran TEHRAN TIMES in English 8 Sep 83 p 1

[Text]

LONDON (IRNA) - Jurists of the Islamic Court announced here Tuesday that they had made utmost efforts to acquire permission from the Iraqi government to inspect war zones there.

But, they added, in spite of conveying this request to the Iraqi ambassador here to ask his government to deliver any document concerning allegations that the Islamic Republic had started the war, they had so far received no positive reply from the Baghdad regime.

Addressing a press conference here, they said that they set a one-month deadline for the Iraqi government, stressing that after the said time they would officially publish their views, together with existing documents, proving the imposition of the war by Iraq and the Superpowers as well as revealing inhuman measures taken by the aggressive Iraqi Army against civilian areas in Iran.

They could also, if possible, take fresh steps for the punishment of Iraqi Ruler Saddam Hussein's regime, the jurists noted.

One of the jurists, Seyyed Mohammad Ayyub Benjari, said that in this imposed war against Iran, thousands of houses and public places such as hospitals, schools and mosques had been ruined.

Several big cities had been totally destroyed and numerous innocent women and

children martyred, he added, stressing that what he had observed in Iran would never be seen in any war, anywhere in the world.

The jurists believed that the war was instigated with the objective of blocking the way of the Islamic Revolution, noting that Saddam Hussein had committed the most heinous crimes in history.

A Tunisian jurist said that so far Saddam had alleged that he had been involved in the war with the Islamic Republic in order to defend Arabs while most of ruined areas in Iran belonged to the Arabic-speaking population.

He added that crimes committed in Iran by the Iraqi regime reminded him of the Zionist aggressions against Lebanon.

Jamil, another judge of the Islamic Court, noted that their inspection to the war fronts had the objective of identifying the aggressor, adding that they had witnessed numerous miracles as well, such as Iran was achieving great victories over the heavily armed enemy, and in spite of the fact the country was attacked by the Iraqi troops shortly after the culmination of the Islamic Revolution. It was the time when the army was not powerful enough, he remarked.

He stressed that this was a miracle for a nation to liberate its occupied lands barehandedly and with no reliance

on any foreign aid, whereas no civilian areas in Iraq had so far been assaulted by the Islamic Republic forces. He said that they had visited Iraqi bordering areas where everything was normal since Islamic combatants, under the instructions of Imam Khomeini, would never target innocent women and children.

The jurists emphasized that they were holding many documents indicating interference of the Superpowers in the war and that Iraq had started the war upon the U.S. instructions.

Referring to the condition of Iraqi POWs in Iran, Benjari said that to describe the situation it was enough to say that their condition was much better than that of a middle-class Pakistani.

Asked on the objective of the Iraqi regime to bomb the residential areas, Benjari said that it was to impose pressure on the Islamic Republic and revenge since it failed in its mission in facing with the faith of the Moslem people of Iran.

At the end of the press conference, pictures indicating Saddam Hussein's crimes committed against Iranian civilians were shown. The jurists are due to brief Moslems residing here of these crimes on Friday to let them know the truth as the Zionist elements hinder revealing other reality by the British press.

# IRANIAN STUDENTS SEEKING REFUGE IN BANGKOK

Bangkok THE NATION in English 5 Sep 83 pp 1, 2

[Text]

POLICE are keeping a close watch on a group of Iranian students who have escaped "death squads" identified with a pro-Khomeini militant organization in the Philippines and are now seeking temporary refuge in Bangkok, informed police sources said.

The highly-informed sources told *The Nation* that there are about 35 Iranians in the group. Many of them are said to be supporters of the Mujahedin Organization which is waging a struggle against the Khomeini Regime.

The Iranians — many of whom were victims of assassination attempts by the death squads in Manila — claimed that some of the pro-Khomeini elements had followed them to Bangkok.

The Iranians are mostly university students in Manila before they escaped here under pressure from both the Iranian Embassy and the Philippine Government. Many are married with

When asked whether the Iranians are engaged in any political activities in Thailand, they said: "We were allowed to come to Bangkok under a condition that we must not be active politically. We know

**IRAN STUDENTS** that the Thai Government is sensitive about such matter."

They said among the Iranians are nine active supporters of Mujahedin Organization and they are living together in an apartment off Sukhumvit Road.

Contacted by *The Nation* last week, two of the Mujahedin supporters said they were still receiving news about harassments against Iranian students by the pro-Kho-

children and are keeping a rather low profile during their exile in Bangkok.

They told *The Nation* during interviews that at least five members of the alleged death squad followed them here late last year posing as a research group. "But we immediately notified the Immigration Division here and gave the list of their names," one of the Iranians said.

He said the group left shortly afterwards.

He said the number of Iranians in exile in Bangkok and their family members now totals 200. Many of them are pro-Shah while some have no political affiliations at all.

meini death squads in the Philippines.

They said so far at least two anti-Khomeini Iranian students in Manila had been killed and scores of others wounded in attacks by members of the death squads.

They recalled an incident last January in which pro-Khomeini Iranians hurled a grenade at a group of 500 Iranian students marching near the Manila International Airport. The Mujahedin supporters said they were among 14 people injured in the explosion.

One of them showed a scar on his leg which he said was caused by the bomb shrapnel. They said the explosion took place while the Iranian students were sending off the body of a dead colleague allegedly killed by the death squad to Iran.

The Mujahedin Organization is the most prominent Iranian nationalist movement which has been fighting to topple Khomeini. "He is a mad man. We give him one more year before he will go," one of Mujahedin supporters said of the Iranian religious leader.

The Mujahedin Organization played an impor-

tant role in toppling late Shah Reza Pahlavi in 1979 but when Khomeini and his followers seized power the organization was excluded from the fundamentalist Islamic government.

Police sources said that they still could not determine what factions the Iranians in Bangkok belong to. "We have instructed policemen in areas where the Iranians are living to keep a close watch on their activities," the sources said.

The Mujahedin supporters said they are trying to find ways to get out of Thailand to countries where they can be active. They said they are living in Bangkok under the protection of the United Nations High Commissioner for Refugees (UNHCR).

Newspaper reports in the Philippines said that nine Iranian students in Manila had disappeared in the last eight months and an Iranian killer squad was believed to be responsible for it.

There are about 2,000 Iranian students in the Philippines.

The Mujahedin supporters said that death squads of Khomeini are also operating in other parts of the world, including West Germany, Paris and the U.S.



**MOJAHEDIN-E KHALQ ORGANIZATION ISSUES COMMUNIQUE**

GF161120 (Clandestine) Free Voice of Iran in Persian 1500 GMT 15 Sep 83

[Communique issued by the office of the Mojahedin-e Khalq Organization in Paris on 15 September]

[Text] In spite of its failure in war-seeking mobilization, the Khomeyni regime tries, through extortion and compulsion to make people participate in war and is thus making preparations for a fresh attack. The Khomeyni regime, which is facing growing opposition in its efforts for war-seeking mobilization and is also facing defeats and a number of cul-de-sacs, is now doing its best to centralize all its effort which has been put on the agenda in view of the latest warmongering pleas of Khomeyni to further expand the war.

It is in view of this plan that Mohsen Reza'i, the commander of the Guards Corps and Mobilization, has started visiting a number of provinces, so that he can compel them to supply a fixed number of men and cash. Although it has been decided to use force for the compliance of these tasks and extortion from people and compel them to join the mobilization, the minimum requirements asked for from each province are far beyond the maximum resources and capability of those provinces. These visits of Mohsen Reza'i have created great opposition and rifts within the regime, especially in the central province and the provinces of Kerman and Khorasan. For example, the minimum demand made from Kerman Province is 10,000 men and 2 billion rials in cash, although it is well known that Kerman is the poorest province in the southern part of the country. In addition, a large part of the appropriation earmarked for war-devastated areas and their reconstruction, has been switched to the war mobilization budget.

The Khomeyni regime is trying to keep secret its plan to start fresh attack on the anniversary of the start of the war and thus, offer for slaughter tens of thousands of more innocent youth of the country. It is also trying to keep secret the shortages in the country, the hopelessness, and the growing opposition which it is facing. Reports received from the military sources of the Mojahedin-e Khalq Organization show that at present, the Khomeyni regime has in hand a plan to attack from the region of Marivan in Kordestan towards al-Sulaymaniyah in Iraq.

CSO: 4640/358

MEMORANDUM OF UNDERSTANDING SIGNED WITH LIBYA

Tehran TEHRAN TIMES in English 25 Aug 83 p 1

[Text]

TRIPOLI (IRNA).— A memorandum of understanding was signed here yesterday with Libya on the concluding three-day visit of a ranking Iranian politico-economic cultural delegation headed by Foreign Minister Ali Akbar Velayati. The memorandum was signed by the foreign ministers of Iran and Libya.

The memorandum called for the cooperation between the two countries in the fields of agriculture, air transport, investment, oil, trade and culture. The two parties also discussed the related changes pertaining to cooperations as stipulated by an earlier agreement in the above mentioned fields.

In the memorandum signed earlier the two parties had announced their interest to further strengthen and expand bilateral cooperation.

Bilateral cooperation in the field of agriculture as agreed upon in the memorandum, will involve the despatching of a delegation from the agriculture research center of Libya to establish a joint agricultural sub-committee in Iran, exporting of sample seeds by Iran and providing

Iranian expertise in the stabilization of sand dunes to Libya.

In the field of air transport, the two parties finalized the signing of an earlier memorandum and also announced the visit of Libyan experts to Iran to discuss cooperation in civil aviation affairs.

The two parties while expressing satisfaction over trade exchanges in the past, agreed to study the new proposals with a view to making known goods to be exchanged. Also the providing of facilities for possible setting up of trade exhibitions by private firms in each others country were also a point noted in the memorandum.

In the memorandum it was furthermore agreed by both parties to open cultural centers in each other's country. Also the Libyan side agreed upon opening of an Islamic Republic News Agency (IRNA) branch office in Tripoli as soon as possible.

The Islamic Republic's delegation is scheduled to leave for Damascus, Syria yesterday evening.

BRIEFS

PURPOSE OF PILGRIMAGE--["Opinion" column: "Why Are Pilgrims Being Detained?"]  
 --Pilgrimage is a new type of conference. Pilgrimage is neither a well organized meeting nor a meeting for merely chatting among the ulema. Pilgrimage is a revolution, a rejection, and an upheaval--all of which takes place within the framework of preaching in favor of God's book and the sunna of his prophet. If we scrutinize the new form of pilgrimage, we quickly realize why the Saudi rulers harass the Iranian pilgrims and those who sympathize with them, and why they have detained scores of these pilgrims. The matter is crystal clear. It is the beginning of the end of all those regimes that contravene Islam. [Excerpt] [GF171420 Tehran KEYHAN AL-ARABI in Arabic 8 Sep 83 p 1]

CSO: 4604/43

# ZIA ASSERTS FOREIGN HAND BEHIND DISTURBANCES IN SIND

Karachi DAWN in English 6 Sep 83 p 1

[Text]

ISLAMABAD, Sept 5: President Zia-ul-Haq today said his Government had sufficient proof to indicate that it was not one particular country but there were others also who were involved in providing financial help and encouragement to elements which were engaged in destroying peace and law and order in Sind in the name of restoration of democracy.

He told a Press conference here this evening that those who came forward to court arrest received Rs 500 each, and the lawyers who courted arrest were paid Rs 1500 each.

However, he said the law and order situation in Sind was under control and as satisfactory as possible under the present circumstances. It was "regrettable" but not "alarming". He will soon undertake an extensive tour of the Province, as he had promised before leaving for Turkey, he added.

Asked for comments on the recent statements about the situation in Sind by the Indian Prime Minister Mrs Indira Gandhi and her Foreign Minister Narasimha Rao, the President said they were regrettable, and he hoped that in future such irresponsible statements would be avoided. His expectation was that response from India would be in accordance with the attitude of Pakistan which had always refrained from making comment on India's internal affairs, even on issues on which it felt emotionally disturbed.

However, he added, a welcome feature was that reasonable and sensible people in India itself had objected to the Indian Prime Minister's dabbling in the internal affairs of a neighbouring country.

He said his Government had been trying for the last six years to erase the bitterness of the past 35 years and promote good-neighbourly relations with India on the basis of sovereign equality, which was in accordance with Islamic values and morality. He hoped India would not cause hurdles in this process.

Asked to name the foreign hands which were encouraging destruction of law and order in Sind, the President said at this stage he could not elaborate the position. Anyway, he said, it was for the country's Press and people to identify them.

Asked if there was any proposal for talks with leaders of political parties, the President said political parties were all defunct. But he was in constant touch with responsible and patriotic politicians. So far as those politicians were concerned who were engaged in politics of violence, he believed that they should first be taught a lesson.

However, he said it had been his endeavour that political matters should be resolved politically, and violence should not be allowed in politics. What was happening in Sind in the name of restoration of democracy, he added, was based on animosity. These elements knew on the basis of their experience of July 5 that they had no support of the masses. Therefore, they decided to resort to violence.

He said the Islamic political framework which he had announced on August 12 was based on

consensus which was evolved as a result of the reports of various committees and commissions. Those who were not satisfied with it were free to criticise it. His government had not stopped any critical statement in this regard, ignoring the legal ban on political statements.

But, he regretted that some politicians preferred to take the course of violence. The reason was that they knew that the political framework of August 12 would be in accordance with Islam and against their irreligious beliefs. People could judge for themselves, he added, which were the elements whose backing such politicians had, and whether the course they had chosen led to restoration of democracy or against it.

The President reiterated that he would not have violence in Pakistan in the name of politics. He was determined to eliminate it. One element had tried to take undue advantage from his magnanimity and kind-heartedness, he said and added it would never succeed.

APP adds: The President also said that proof of some foreign hands in the situation in Sind could be found in the supporting statements by India and some other countries but still it was not a national movement but a move to undermine law and order.

Addressing himself to the people of Pakistan, the President said there should now be no doubt left in any mind about who was backing certain elements who were crying hoarse for restoration of democracy.

Asked if he would pinpoint such elements who had foreign backing, the President said he did not feel any need to do that as things were

so obvious.

Replying another question of statements by Indian leaders would tend to impair relations between the two countries, President Zia said he did not think so.

The President said he did not think that these utterances would be an impediment in improving relations between Pakistan and India and observed that Pakistan wanted to carry on the process of normalisation of relations with India.

He told a questioner that he did not believe that the framework offered by him was divine and without affecting any basic changes in the structure. Any suggestion from anybody with the interest of the country at heart would be welcome.

He also said the law and order situation in Sind was good as it could be under the circumstances and the recent happening in Moro had its own peculiarity. He said the agencies responsible for maintaining law and order should be complemented for their restraint and patience because of which the situation there was such as did not need extraordinary measures to remedy.

The President replying to another question said that the shooting down of a South Korean passenger airliner by a superpower was very unfortunate. "Our representative in the United Nations has presented our viewpoint on this issue", he said.

The President who returned here early this morning from a 6-day state visit to Turkey, described the visit as very useful and said it would have far reaching benefits for Turkey and Pakistan.



JI LEADER NOTES LAWLESSNESS IN SIND

Karachi DAWN in English 6 Sep 83 p 12

[Text]

SUKKUR, Sept 5: Maulana Jan Mohammad Abbasi, Naib Amir of defunct Jamaat-i-Islami said here that the law and order situation in Sind was abnormal and not ordinary.

Talking to newsmen in Sukkur this evening he said that during the last six years the law and order situation in Sind had deteriorated and the trend towards lawlessness had generally increased.

There had been heinous incidents of highway robberies, dacoities in trains, murders of policemen, kidnapping cases and escape of criminals from central jail, as well as unprecedented increase of corruption in the administration. These were matters which required immediate attention of the Government.

Maulana Abbasi said that the present movement was something more than mere agitation and the

solution for it lay in giving up resort to force, and adopting a policy of new diplomacy by announcing the time-table for holding general elections and permitting political activities.

He said the Jamaat-i-Islami had been drawing the attention of the Government to the need of restoring political parties, freedom of Press, independence of judiciary and early general elections but the Government did not pay any heed to these suggestions. He also said that arms licences issued on a large scale on the recommendations of ministers in the past had also helped in further worsening the law and order situation of Sind. Maulana Abbasi suggested that the Government should take stock of the situation and restore political process in the country as early as possible.

CSO: 4600/908

SIND AGITATION: SUBVERSIVE ELEMENTS WARNED

GF020927 Karachi NAWA-E WAQT in Urdu 26 Aug 83 International Edition p 3

[Editorial: "After the First Round, What Next?"]

[Excerpts] President Gen Mohammad Ziaul Haq has said that the policy of violence in politics will not be tolerated at any cost and the incidents of lawlessness and arson involve parts of Sind will be firmly dealt with the government. He said this is answer to correspondents' queries at the Karachi airport after his 2-day visit and prior to his departure for Islamabad. He also mentioned his talks with the Sindhi members of the Majlis-i-Shoora on the subject and said that they have also come to the conclusion that only a handful of persons are guilty of such violence and lawlessness.

The acts of subversion and lawlessness in Sind are causing concern, surprise, as well as regret in the country, but there is unanimity on the fact that only a small group is responsible for this. This group is being supported by some foreign agents and some local feudal landlords, but in our long history of democracy, the political atmosphere has never accepted violence.

It can be said that the campaign of confrontation and struggle initiated by the MRD has resulted in the government coming out victorious in the "first round." However, it should not be deduced that it has also won the first round in its desire for a no-party or nonpolitical democracy because the yearning for a political democracy or a party politics is not restricted to the MRD alone. It is greater and even deeper in circles outside the MRD. But they believe in peaceful struggle and they have an unflinching patriotism for the country's sovereignty to the extent that despite their passion for democracy, they cannot even imagine taking any steps which might endanger it.

A realistic attitude demands that control over the incidents that have taken place in Sind due to the MRD's campaign should not result in complacency. The symptoms of the actual malady should be considered and the diagnosis should be based on intensive contemplation and examination of the same. Efforts must be made to cure the symptoms in a manner which is acceptable to all strata of society and not only to the government, rather than just "brushing the dust under the rug!"

CSO: 4656/260

# CHARGING FOREIGN STUDENTS HIGH FEES CRITICIZED

Karachi DAWN in English 6 Sep 83 p 7

[Editorial: "Foreign Students' Dilemma"]

[Text]

FOR some time now foreign income Third World countries students in Pakistan have been and cannot really afford to complaining about the enorm- meet these extremely high ously high rates being charged charges. While we recognise the fact that Pakistan is itself a poor country and cannot be expected to subsidise the education of non-Pakistanis, we believe that a more equitable fee structure could be worked out and made acceptable to the students as well as the institutions. It would be unfortunate if the short-sighted approach, reflected in the revised structure, would succeed in keeping foreign students away from Pakistan, for we have had a long tradition in helping students from all friendly, especially Muslim countries in their pursuit of knowledge. Moreover, such a policy would deprive our own students of the opportunity of coming in contact with new ideas, values and traditions as represented by foreign students in our midst. Such cross-cultural exchanges do much to promote tolerance and respect for others and helps faster international goodwill.

CSO: 4600/908

## SURVEY FINDS REFUGEES BUYING PROPERTY

Islamabad THE MUSLIM in English 27 Aug 83 p 3

[Text]

ISLAMABAD, Aug. 26: A few months back, Pakistan Government had banned the sale of land and houses to the Afghan refugees. A survey of the city of Peshawar shows that the ban, so far, had not been very effective. There are still reports of Afghan refugees buying land and building houses on it, and of buying previously built houses, especially in the suburbs of Peshawar city.

Mir Naeemullah, Director General Peshawar Development Authority (PDA), when asked, said, 'anyone with a Pakistani identity card can buy and sell land in the PDA housing scheme. If an Afghani can get a card, we have no way of checking it; also, the land can be bought through a Tribal, by proxy'.

Information collected from the office of Sub-Registrar at Peshawar, indicated the office had not received any case involving refugees in a land sale, or heard of it, because the clerk said, 'government ka order band hai, hum to wo karti hai jo government kehti hai'. When asked, if there was a way to go around this law and buy property, the clerk said the land can be bought through 'panchayati' papers. And this, he explained, meant buying an 'iqrar-nama' costing Rs. four, and signing it, being the 'illegal' way of doing it.

When asked if, in his knowledge, this kind of transactions are being carried on in Peshawar, he refused to comment and instead referred this correspondent to the office of 'Qanoon-go' in the 'katchehri'.

The "Qanoon-go" by the name of Faiz Gul, was the first person to straight away admit that Afghan refugees do buy land by proxy.

'They are buying land of 10 marlas to one kanal, around Peshawar city. They buy it and build houses on it. But whenever we ask the representatives of these refugees they say we don't buy land here'. He mentioned Achar (four miles from Peshawar city), as one of the places where this has happened, that he personally knew. However, he made it clear later on that they are not buying it in substantial numbers and thus are not counted as one of the factors in putting the price of land up.

The 'panchayati' papers or the 'Iqrar-nama' is written by the 'areeza-navess' of Katchehri. Nisar Ahmed Durrani, Bachelor of Arts, was presented by the "areeza-navess" present, as the spokesman on the subject. He mentioned Tehkal near Peshawar University, where the refugees have bought houses. Gulberg, Hayat Satellite Town (the PDA project), Shahseer Muslim Town, Azhar Khani, Kotla Mohsin Khan, Kakshel and Peshawar-Nowshera Road were mentioned as the places where refugees are reportedly buying land of 10 to 20 marlas and building houses on them.

Nisar Ahmed Durrani said, a minimum of 100 Panchayati papers are prepared by him alone for these transactions. "it is easier now because of the coming local bodies elections in Peshawar", he said, 'now the going rate for one identity card is Rs.2,000 and they only have to spend Rs. 4,000 for one Pakistani Passport and a domicile'. He also mentioned forged back-dated 'nikah-namas' as another way of becoming a Pakistani citizen and then buying land.

Another "areeza-navess" present there mentioned another factor concerning property, namely the tremendous rise in the prices of property as well as the mounting rents of small rooms, and small and medium houses in the city. '15

ruppee ka kothri, ab mohajir ney ham pur 500 ruppee ka kiya hey', he said. Shaheen Muslim Town near which he has been living for the last so many years and where he contends the refugees have been buying land in considerable numbers, the price of land has gone up from Rs. 1,000 per marla to Rs. 9 to 11,000 per marla. Hotel charges have also gone up, '6 ruppay wala kamra ab 18 ruppay mein milta hai., said one of the 17 "areeza-navees" who were present at the time.

Another "Catch 22" mentioned was, the refugees buying houses and giving the money as 'advance to the so-called monthly rent'.

Mostly, this activity has affected the lower strata of population in the city of Peshawar and around it. The refugees are thought to be able to pay substantial amounts in advance, making it difficult for the local poor to rent rooms and small houses. 'Ye refugees jo shaher mein rehta, yeh kidhar ka gharib haay? Gharib to shaher key bahir, government key tentoon mein rehta', was the consensus of the "areeza-navees". The credibility of this information was proved only by the fact that it is these people who are there to write petitions, Iqar-namas and sworn statements, enabling the refugees to apply for a passport or an identity card. Later used for buying land or houses in Peshawar.

CSO: 4600/907



## DAWN EDITORIAL CRITICIZES CENSORSHIP OF URDU DAILY

Karachi DAWN in English 29 Aug 83 0 7

[Editorial: "Uncalled-for Curb"]

[Text]

IMPOSITION of pre-censorship on Karachi's Urdu daily "Amn" underlines the problems that the Press must encounter in difficult times. We have no information about why this Executive intervention was thought necessary. On its part, the Sind Government, too, has offered no explanation. One can only surmise that the daily may have exceeded the realm of the permissible. Apparently, though, the newspaper has maintained objectivity in its coverage of the recent events and has also been conforming to the advice issued from time to time by the Government. But irrespective of the specific provocation, the resort to pre-censorship is unfortunate and could serve to inhibit the judgment and sense of purpose of the Press in general. Even in the best of circumstances, the Government has had an uneasy relationship with the Press. This becomes further strained in times of difficulty when, logically, independent coverage and appraisal of events becomes vital for national survival. People who are ill-informed remain ill-armed to deal with emergencies, as our past crises have demonstrated. The pre-censorship order is the ultimate form of governmental control of the Press and any control undermines the credibility of the Press, defeating the very purpose for which the Government may have acted. Newspapers serve the national interest by maintaining a two-way flow of communication between the rulers and the ruled, a critical function in the absence of the political platform. Unless they have the freedom to perform this task, the channel gets blocked.

We believe that extraordinary Press laws which allow the Executive to become prosecutor, judge and jury all at the same time violate the principles of popular sovereignty and liberty. The Press must be answerable in law as much as before the bar of the public opinion. Only a free Press can perform its watchdog function and promote sane public opinion on various national issues. We hope that the decision to impose pre-censorship on the Karachi daily will be reviewed by the authorities because there is not much that can be kept from the people and when they lose confidence in the national media, they turn to the foreign media which may not necessarily be well-informed and unbiased.

CSO: 4600/907

# ISSUE OF PROVINCIALISM DISCUSSED; CREATION OF MORE PROVINCES SUGGESTED

Karachi DAWN in English 29 Aug 83 pp 7, 9

[Article by Mushtaq Ahmed]

[Text]

**EVEN** after the revival of constitutional government, if and when it is revived, restoration of democracy or more precisely its realisation, would be a distant dream. Politicians with their weakness for catchy slogans are least worried about concise definitions. Obviously, what did not exist before cannot be restored, and democracy was non-existent by their very pronouncements.

Six years ago, the Opposition did not find it safe in the hands of the very party with which it has now joined hands for its restoration. It seems from our experience that all is fair not only in love and war but also in politics. It is an old maxim of international relations that there are no permanent friends and no permanent enemies. Only interests are permanent. In our political equations, too, the interests of politicians have primacy over principles of politics and the claims of patriotism.

## Democracy

A critical evaluation of the politicians is not equivalent to holding a brief for Martial Law. Although dictatorships are not altogether bereft of popular consent and democracies are not totally free from coercion, the two are not alternative systems of government, offering a permanent and irrevocable choice to the people. Dictatorship

is the rule of the thumb and democracy a way of life.

Law even in a democracy is a command of the sovereign but it is a command issued with the consent of the governed. In a sense in obeying it the people have the satisfaction of obeying themselves, and if the law is bad they have the means of changing it. In a dictatorship on the other hand, the legal sovereign is not answerable to the political sovereign and relationship between command and obedience carries with it an element of compulsion with no consenting mechanism for its alteration.

Democracy was not an unstated premise of the freedom movement, it was very much its articulated ideal to be translated into a political reality after its culmination. In the scramble for office that ensued in the wake of independence, the cause for which the struggle was relentlessly waged was soon forgotten, plunging the country into an endless series of crises. Only the professions of democracy were loudly heard, its practice was nowhere seen on the political horizon. Whether the politicians even now objectively subscribe to those ideals and are not subjectively involved in the process, is open to argument in the light of the character of the movement sponsored by them.

What is known as the MRD (Movement for the Restoration of Democracy) is a new version of the what was known as the COP (Combined Opposition Parties) in 1964, or the PDM (Pakistan Democratic Movement) in 1969, and the PNA (Pakistan National Alliance) in

1977. England, it is said, does not love coalitions. Ours are marriages of convenience intended to be dissolved before fruition. Power is the end of all politics and also a means for the achievement of a higher end. Most of our politicians define these ends in terms of provincial rights and personal aggrandisement. Democratisation is a minor consideration, decentralisation a major aim of their concerted effort with their political opponents.

The quality of leadership we have produced in the post-independence period or inherited from the pre-independence days, has not been able to rise above the provincial platform to a national plane. With its narrow and parochial outlook management of the Central Government which requires a wider base and liberal approach, is simply unthinkable. Even in the world's most ancient and highly experienced democracies it is difficult to belittle the role of national leadership, it is dangerous to ignore its importance in the new and inexperienced States, where democracy has yet to dig its roots. We should not fight shy of making comparisons with India, or for that matter, any other country hostile to our ideology or way of life.

## Peaceful change

With India the comparison is specially apt. A detached study of its political history drives one to the inescapable conclusion that save for brief interludes, the country has been governed by the Nehru dynasty. It is a sad commentary on India's claim to be the largest democracy in the world, that the very electorate which had disowned Mrs. Indira Gandhi for her authoritarian rule during the emergency, returned her to power with an overwhelming vote. The claim is also fictitious because of the mass of poverty and ignorance that stalks the land. At the same time, one cannot withhold credit from its leadership based on popular support for having given political stability the country has enjoyed over the years.

The tradition of a peaceful change could not be established in Pakistan largely because of the

dearth of leadership in national politics. Despite a smaller political canvas on which we operate, we do not have an all-Pakistan personality. In a country of four provinces, we have as many as eight political parties — all of them with their separate pockets of influence. No wonder that when in political wilderness, they think of starting a movement, no party being able to move on its own feet unaided by the rest.

The reason for their limited reach is the lack of interest in the well-being of the masses. Differences of interpretation of religion among the denominational parties and demand for devolution of power in their provincial counterparts, have no manifest bearing on the lives of the people. In an age of bread and butter elections, and in our case it is only bread without butter, the politician's desire for a share in the cake is a betrayal of democracy and a distortion of politics.

## Disturbing

The curse of provincialism is not confined to the smaller provinces. It infects every part of the country and affects every facet of our life. No matter how big or small the country, regionalism is a universal phenomenon but the dimensions it has assumed in Pakistan are truly disturbing. Perhaps the demographic distribution is a major factor in its alarming development. Among the federations, Pakistan is in a way unique. Not one of them has a federating unit containing a majority of the population, including the United States, Australia, Canada and India. No one province or state in any of these countries, can have a predominant say in running the affairs of the state as the very composition of the population demands a more broad-based leadership. The 20 states of the Union give India a decisive edge over us. Whether in a united or divided Pakistan, we have always faced the problem of a regional majority confronted by regional minorities, militating against the emergence of national leadership. The resulting patchwork of compromises naturally weakens the fabric of the state. If one kind of provincialism is a reaction to another, it is time for

us to consider the reorganisation of the provinces on a politically more viable basis.

In any reorganisation plan, the Punjab must figure prominently since it is the most populous and the most powerful province. Its division into five provinces with seats of capital in Lahore, Multan, Rawalpindi, Bahawalpur and Faisalabad, may reduce the intensity of inter-provincial rivalries and tensions, if not entirely eliminate their cause.

It was a mistake to merge Bahawalpur into the Punjab, and so was the merger of Swat, Chitral and Dir with the Frontier, a repetition of the mistake. The linguistic basis was accepted as the only valid principle of drawing provincial boundaries, although Baluchistan is not constituted on that principle. English is the language spoken in all the American and Australian states and there can be no possible objection to the same regional language being spoken in four or five provinces. After all, Pushto is a language common to the Frontier province and Baluchistan.

Eight provinces will not be too many for a country of Pakistan's size and population. If Malaysia with one-fifth of our population and one-sixth of the area, can have 11 states why not Pakistan with a population of 85 million and an area of three hundred thousand square miles be divided into eight or ten provinces. More provinces will not necessarily mean more provincialism. It will mean a better allocation of material resources and employment opportunities to the local populations. In the remote areas people having a feeling of deprivation, will get a greater sense of participation if the centres of decision are brought closer to them through a redemarcation of provincial boundaries. Such a reorganisation is bound to reinvigorate the spirit of nationalism that gave birth to our body-politic. It is time for men, both in the corridors of power and out of court, to reflect how best to steer the country out of the present crisis on the foundations of national cohesion and not just on the expedience of national consensus.

PUNJAB WOMEN JOIN MRD STRUGGLE

Karachi DAWN in English 6 Sep 83 p 9

[Text]

LAHORE, Sept 5: The Khwatgen Jamhuri Committee has entered into an alliance with the Movement for the Restoration of Democracy (MRD) at national level.

In a signed statement, Ms Razia Begum, who is also a member of the provincial working committee of defunct Punjab PNP, said Sahabzadi Mehmouda Begum has been chosen secretary of the women's wing of the MRD. Ms Razia and Ms Abida Malik have been elected joint secretaries.

The women, she said, have decided to participate in the movement by taking out processions and holding protest rallies.

They demanded cancellation of sentences passed against political workers by military courts. They also expressed their solidarity with the people of Sind in their struggle for their democratic rights.

A formal announcement for taking out a procession by women in Punjab will soon be made, Ms Razia said.

CSO: 4600/907

# NOORANI CRITICIZES TEARGASSING WOMEN'S RALLY

Karachi DAWN in English 6 Sep 83 p 12

[Text]

Maulana Shah Ahmad Noorani, President of the defunct Jamiat-i-Ulema-i-Pakistan (JUP), yesterday criticised the use of teargas on a women's procession at Moro (Nawabshah), saying "it is the most unfortunate incident in Pakistan's history."

Talking to newsmen after the inauguration of the Aleemia Islamic Mission College at Burns Road, Karachi, he said violence was met with violence as a result of which so many precious lives were lost.

The authorities, he emphasised, should desist "from using force or committing repression on the political workers or passing extreme sentences, including that of flogging."

Secretary-General Maulana Abdus Sattar Khan Niazi, who had come especially from Lahore to attend the inauguration ceremony, intervened to say that the treatment meted out to "Chadar and

Chardewari" was "unprecedented." Even during the British rule when the women of Lahore came out on streets against the then Khizar Hayat Ministry, they were neither teargassed nor lathi-charged.

Maulana Niazi, in another context, urged President Zia-ul-Haq to meet the political leaders for a discussion of the election schedule and to give a clear-cut assurance that the 1973 Constitution would be restored, in toto, and the Martial Law lifted.

"Time is running out," he warned, "and any further delay will help the anti-Pakistan lobbies to gain ground."

Maulana Niazi criticised the "off-and-on meetings" of the President with Mian Tufail Mohammad, Amir of the defunct Jamaat-i-Islami, and asked: "Is he (Mian Sahib) the only responsible political leader in the country?"

CSO: 4600/908



OFFICIALS CLAIM MORO PROCESSIONISTS WERE VEILED MEN, NOT WOMEN

Karachi DAWN in English 8 Sep 83 p 6

[Text]

SUKKUR, Sept 7: The following Press Note was issued by the District Magistrate, Nawabshah, tonight.

"Some reports have appeared in a section of the Press alleging police excesses on the processionists at Moro on Sept. 4, 1983.

These reports have tried to convey that the procession included ladies and were lathi-charged by the police. The alleged police excesses against the womenfolk are totally baseless and contrary to the truth.

"The factual position is that an unruly procession tried to enter Moro town from the north side. The processionists were fully armed and as per prior information they had ulterior motives to indulge in harassing the town's population and damage the public/private properties through the show of force.

"This can be judged from the fact that the so-called lady processionists were infact males who used the sacred Islamic burqas to hide the firearms they were carrying.

"It may also be added that the police did not resort at all to lathi-charge but tried to block the mob which showed its open hostility while opening fire on police party.

"The fact that the clash left four policemen dead and eight others injured including the SP clearly establishes that the Press reports of the alleged police excesses were not only baseless but basically meant to divert public attention from the heinous and dastardly act committed by the very those who claimed to be the victims.

"The Government regrets the totally criminal act of the law breakers resulting in the unwarranted death of four policemen who laid down their lives while on duty."—APP.

CSO: 4600/908

## JI CHIEF'S CRITICISM OF MRD REBUTTED

Karachi DAWN in English 6 Sep 83 p 9

[Text]

Sayid Ghulam Mustafa Shah, former Vice-Chancellor of Sind University, has asked Mian Tufail Mohammad, Chief of Jamaat-i-Islami, to desist from ridiculing "a real movement of Sind."

In a rejoinder to Maulana Tufail Mohammad's recent statement, he said the present movement was the "culmination of the developing events, episodes and tragedies in Sind from 1948 after the death of the Quaid-i-Azam and specially so from 1953 with the doings and blessings of Ghulam Mohammad, Choudhri Mohammad Ali and Ayub Khan."

He said, "Let Mian Saheb not call the leaders of Sind by ignoble names or declare the people's upsurge as a temporary effervescence."

Sayid Ghulam Mustafa Shah said the genuineness, spontaneity and universality of the movement should not be abused. He pointed out that Sind was clamouring for its rights and justice. He reminded Mian Saheb about the "intrinsic right of the noble, the weak and the good to revolt" which might mean suicide on the part of the unarmed, the weak and the hard-pressed. "But the nations in their agony and

pain can do anything", he added.

He emphasised that Sind had had enough of the "farce of the Government" in Pakistan from 1948 to 1983. What Sind and smaller provinces wanted now was 1) "the full, true and honest operation of the Pakistan Resolution of March 1940 in which Pakistan was declared to be a federation of sovereign autonomous states." and 2) they want the "philosophy of parity given by Punjab itself."

He said "we want all the four provinces of Pakistan to enjoy complete and full parity in the Federal Government and in all its institutions and bodies."

Sayid Ghulam Mustafa Shah said the current movement was not a movement by the volatile and uncommitted citizens without any love and attachment for the land and the soil. "It was not a movement of mercenary patriots. Sind had never fought on seductions and payments or lived on lies," he remarked.

Concluding, he appealed to the Press to be more kind and candid and remember that "God is not on the side of the bayonets, God is always with the weak and not with the strong and the hypocritical."

CSO: 4600/907

PRESIDENT URGED TO SPECIFY DETAILS OF FUTURE FRAMEWORK

GF100726 Karachi NAWA-E WAQT in Urdu 6 Sep 83 International Edition p 3

[Editorial: "Please Specify the Details of the Political Framework"]

[Excerpts] By the grace of God, President Zia has returned from his tour of Turkey. The hearts of Turkey and Pakistan beat in unison.

Three weeks ago, since 14 August, the disturbances that have taken place in Sind and the doubts they have created in the minds of the perceptive and patriotic Pakistanis and the harm that has been inflicted on the country should be compensated by implementing political and administrative measures.

It is the duty of the president's advisers in such circumstances to think of a way out of the political vortex that the country is in at present so that the plan proposed for March 1985 can gradually be implemented and the path can be paved for a civilian government, because a confrontation between the people and the government cannot have any pleasant effects, and the progress achieved in the economic field by the present government or its fruitful foreign policy may be eclipsed even before the gains are harvested.

We hope that our suggestion is accepted in the cordial spirit in which we present it. This is not a time to ignore or prolong problems. Every moment is precious and it is imperative to find a successful solution by mutual discussions in a favorable atmosphere.

CSO: 4656/260

## FOREIGN MINISTER ON RELATIONS WITH GULF COUNTRIES

BK060425 Karachi Domestic Service in Urdu 0200 GMT 6 Sep 83

[Text] Foreign Minister Sahabzada Yaqub Khan has said that Pakistan is committed to adhere to the basic principles of noninterference in the internal affairs of other countries. In a message published in a Karachi newspaper, he said that security of the Gulf region is the responsibility of the countries of the area only. He said that Pakistan is not a Gulf country, however, it is deeply interested in the progress and prosperity and security of its neighbors in the region. He said Pakistan enjoys very close relations with the Gulf countries which are based on friendship and cooperation. The relations, established on mutual trust and confidence, have greatly helped in maintaining peace and tranquillity and the progress and prosperity of the region.

Sahabzada Yaqub Khan said that Pakistan's purposeful and profitable participation in the efforts of the Gulf countries assumes a positive character in their development. He also thanked these countries for assisting in Pakistan's development efforts. He said Pakistan's efforts to promote further the mutually beneficial cooperation will always continue. Omani Information Minister 'Abd al-'Aziz ar-Rawwas, in his message, has said that his country attaches great importance to the agreements of the Gulf Cooperation Council for the stability and peace in the region.

CSO: 4656/260

# BIG GAS PROJECT TO BE LAUNCHED IN OCTOBER

Karachi DAWN in English 8 Sep 83 p 7

[Text]

LAHORE, Sept 7: The Sui Northern Gas Pipelines Limited (SNGPL) is launching from next month a new project, worth Rs 2,460 million, to enhance the existing gas supply by 74 million cubic feet per day.

To be assisted by the World Bank, this project will be completed by June, 1986, an SNGPL spokesman said here on Sunday.

The major objective of the project is to expand the existing system to overcome gas shortage in the Northern Areas and induct more consumers into the network.

High pressure gas transmission pipelines, 434-mile long, between

Sui and Peshawar and an additional purification bank of 60 MMCFD capacity at Sui, will be constructed.

The SNGPL's telecommunications and gas distribution systems will also be upgraded.

Substitution by additional supply of gas instead of the imported kerosene oil, will save a foreign exchange worth Rs 2.5 million (b) during 1984-90, the SNGPL estimates.

The entire project has been planned and designed by the SNGPL and will be executed without involvement of any foreign expertise. —PPI

CSO: 4600/908



## ENERGY SUPPLY RISES; STATISTICS PROVIDED

Karachi DAWN in English 8 Sep 83 p 8

## [Text]

ISLAMABAD, Sept 7: At an annual growth rate of over 9 per cent, energy supply increased by 46.8 per cent over 1977-78 during the Fifth Five-Year Plan period.

The Energy Year Book, 1983, which is being published by the Ministry of Petroleum and Natural Resources provides a detailed study of the targets of energy growth set and achieved during the Fifth Plan period.

Compiled by the Directorate General, Energy Resources Cell, Ministry of Natural Resources, the Year Book says that the natural gas production target of 950-mmcf had been achieved. The gas pipeline to Quetta has been completed.

It says, petroleum products consumption was expected to increase to 5.2 million tons while the actual consumption met during the last year of the Fifth Plan has been 5.68 million tons giving a consumption saturation 9 per cent higher than what was expected, at the end of 5th Five-Year Plan.

The indigenous oil production which was to increase substantially (2.45 times) to 1.7 million tons registered only an increase of 2.9 per cent till 1982-83 over 1977-78.

The crude oil refinery capacity was to increase to 6.7 million of crude oil processing per year which target was achieved PRL and NRL operating on imported crude oil operated at 68.7 per cent capacity.

The shortfall in refined products, due to low refining capacity utilisation, was balanced through increased import of finished deficit products.

The indigenous production of crude oil was to increase 2.45 times over 1977-78, i.e. to 1.7 million tons per year in 1983-88, which was to be achieved through drilling 10 new wells at Toot, 14 at Dhodak, and six at Meyal, and this target could not be achieved since the number of production wells drilled, was 8 from Toot yielding 2,146 barrels per day in June, 1983, Dhodak, still under testing, and six wells at Meyal producing 5,931 barrels per day.

The capacity of WAPDA was to increase to 4,300-mw while it achieved a total capacity of a little less than 3,000-mw. KESC against a target of 1070-mw achieved 673-mw, thus the total capacity which was to increase to 5765-mw in 1982-83 was short by about 17 per cent of its targets.

The per capita consumption of electricity has been 5.5 per cent higher than expected. The total energy consumption at the beginning of last Five-Year Plan, i.e. 1977-78 was shared by industry at 32.5 per cent followed by transport at 19.8 per cent, by power at 14.4 per cent, residential at 13.3 per cent, agriculture at 6.9 per cent, and fertilisers at 2.7 per cent.

The Fifth Plan had included only basic exploration in renewable energy resources while the later four years of this period achieved positive and progressive development in the field of biogas, solar and wind.

Directorate-General of Energy Resources had, in last two years, i.e. 1981-83, covered about 2,000 village with biogas demonstration and development programme causing a demand of over 15,000 biogas units.

On solar energy, priority has been given in village electrification through solar active conversion system utilisation. It has two villages in solar PV system, one in Punjab and other in NWFP, designed, installed, commissioned and operated by engineers of DGER. Commissioning of next six villages has spilled over to the first year of the 6th Plan period, i.e. 1983-84.

Solar cookers are being introduced in villages where a demand has now been established as seen by Results of energy survey completed in 1981-83 by Directorate-General of Energy Resources.

Wind is being actively developed through demonstration in villages for low-wind velocity mills used for water pumping for command irrigation areas and drinking purposes.—APP

## BRIEFS

EXPORTS TO AUSTRIA--The two-way trade between Austria and Pakistan was picking up and registered a 22 per cent increase in Pakistan's export and "substantial increase" in Austrian exports to Pakistan during the first six months of 1983-84, Dr Peter Jehly, Austrian Trade Commissioner in Pakistan, said at a meeting of the Rotary Club of Karachi. He said Austria was importing from Pakistan a large variety of goods like carpets, garments, animal hides and sports goods and also wireless equipment (radios). He said his country was exporting chemicals and construction materials, electric machinery, foodstuff, medical and pharmaceutical products, textile machinery, machine tools and printing machinery etc.--PPI [Text] [Karachi DAWN in English 6 Sep 83 p 8]

CURRENT MRD CONVENER--Lahore, Sept 5: The acting President of the defunct PDP, Ch. Mohammad Ashraf, has said that the current convenership of MRD is with defunct JUI which has nominated Maulana Mohammed Shah Amroti as the MRD Convener and directed the component parties of MRD to contact him in connection with the MRD activities. Regarding the statement of Mr. Nasimuddin, advocate, a member of PDP from Karachi, Mr. Ashraf said that he was not authorised to issue such statement and as such it did not affect the earlier decision of PDP which was final. Mr. Ashraf denied that any meeting of the National Executive of PDP was ever held at Karachi or Mr. Nasimuddin was elected as MRD Convener. He also denied having been externed from Sind.--PPI. [Text] [Karachi DAWN in English 6 Sep 83 p 10]

BOOKS FORFEITED IN PUNJAB--Lahore, Sept 7: The Punjab Government has proscribed with immediate effect two books "Aurat" a translation by Kishwar Naheed of the book of Samon D. Bower, printed at Allied Press, the Mall, Lahore, and the booklet "Haqiqat-i-Ushr", as these books contained objectionable material. [Text] [Karachi DAWN in English 8 Sep 83 p 7]

AGREEMENT ON JAPANESE GRANT--An agreement was signed in Islamabad today [8 September] under which Japan is to provide a grant of about \$10.4 million to Pakistan. The grant will be utilized for the construction of the second phase of a children's hospital in Islamabad. [Text] [BK110237 Karachi Domestic Service in Urdu 1500 GMT 8 Sep 83 BK]

NAVAL CHIEF TO UK--The naval chief, Vice Admiral Tariq Kamal Khan, left Karachi this morning for the UK at the invitation of the first sea lord of the British Navy. [Text] [BK111719 Karachi Domestic Service in Urdu 1500 GMT 11 Sep 83 BK]

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6 OCT. 1983